Superstore Properties Limited

Fairness Opinion

In Respect of the Unsolicited Offer from CNP Investment Holdings LP

July 2024

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Appendix

1. Introduction

1.1 Superstore Properties Limited

Superstore Properties Limited (**Superstore** or the **Company**) is a widely-held unlisted property investment company which owns a commercial property in Christchurch.

Superstore is managed by FSS Management Limited (**FSS** or the **Manager**) in accordance with a management agreement dated 1 January 2021 (the **Management Agreement**).

FSS is owned by Superstore (41%) and First NZ Properties Limited (59%).

Superstore currently has 2,095,000 ordinary shares on issue held by 221 shareholders.

The Company's shares are not quoted on any stock exchange but are able to be traded on the Syndex online trading platform.

A profile of Superstore is set out in section 3.

1.2 Unsolicited Offer from CNP Investment Holdings LP

CNP Investment Holdings LP (**CNP**) currently holds 465,500 shares in Superstore, representing 22.22% of the Company's shares on issue.

CNP has made an unsolicited offer dated 5 July 2024 to acquire 50,000 shares, representing 2.39% of the Company's shares, with the discretion to accept oversubscriptions of up to a further 250,000 shares (11.93%), totalling 300,000 shares (14.32% of the Company's shares on issue) (the **CNP Offer**).

The key terms of the CNP Offer are:

- an offer price of $5.30 cash per share (the **CNP Offer Price**)
- the offer closes on 7 August 2024
- the offer is conditional on the following conditions:
  - no changes to Superstore's shares (such as reclassifications, subdivision, consolidation, buyback or alteration to the rights attached to the shares)
  - the Superstore business is carried on in the normal and ordinary course
  - no new material contracts are entered into
  - no asset of Superstore is materially destroyed or damaged
  - there is no alteration to Superstore's constitution
  - no liquidator, receiver, receiver and manager, administrator (voluntary or otherwise), statutory manager or similar official is appointed in respect of Superstore or any of its assets
  - no resolution is passed for any amalgamation or liquidation of Superstore and Superstore is not involved in any merger, share buyback or scheme of arrangement

- there being no event, change, circumstance or condition that has occurred on or after 5 July 2024 that has had, or could reasonably be expected to have, in the opinion of CNP, a material adverse effect on Superstore
- no proceedings being notified, threatened or commenced against Superstore after 5 July 2024
- no Superstore assets are subject to any option, forfeiture or termination, transfer, any right of pre-emption or any other right that could be adverse to Superstore or CNP in the event of an increase in CNP's shareholding in Superstore
- no event of default, potential event of default, repayment event, prepayment event or event of review (however described) under any agreement or instrument to which Superstore is subject occurring, or will occur, as a consequence of an increase in CNP's shareholding in Superstore
- there is no order issued by any New Zealand court, regulator or other legal restraint or prohibition making implementation of the offer void, unenforceable or illegal
- the S&P / NZX 50 Index does not close below 11,200 on any day between 24 June 2024 and 15 September 2024
- the S&P / NZX All Real Estate Index does not close below 1,425 on any day between 24 June 2024 and 15 September 2024

• the CNP Offer Price will be paid no later than 15 September 2024.

CNP has agreed to waive 2 of the conditions set out in the offer documentation in respect of Superstore's legal proceedings involving Michael Millar and Investments Services Limited (**ISL**) and any potential appeal by Mr Millar and ISL against the May 2024 High Court judgment. The High Court proceedings and judgment are discussed in section 3.8.

1.3 CNP Investment Holdings LP

CNP is a limited partnership registered on 15 December 2021.

The general partner of CNP is CNP Holdings GP Limited (**CNPHGP**). CNPHGP is wholly owned by Craig Priscott and Mr Priscott is the company's sole director.

Mr Priscott (through CNP Holdings Limited) made an unsolicited offer for shares in Superstore in November 2021 at $7.55 per share (the **2021 Offer**), resulting in the acquisition of 465,500 shares (representing 22.22% of the total shares on issue).

1.4 Purpose of the Report

The provisions of the Takeovers Code (the **Code**) do not apply to Superstore as its revenue is less than $15 million and its assets are less than $30 million and therefore the Company is not deemed to be a code company.

John Murray, the Company's independent director (the **Independent Director**), has engaged Simmons Corporate Finance to prepare a Fairness Opinion on the CNP Offer.

The Independent Director has requested that the Fairness Opinion evaluate the CNP Offer in the same manner as an Independent Adviser's Report prepared under the provisions of the Code.

Simmons Corporate Finance issues this Fairness Opinion to the Independent Director to assist the Company's shareholders in forming their own opinion on whether or not to accept the CNP Offer. We note that each shareholder's circumstances and objectives are unique. Accordingly, it is not possible to report on the fairness and merits of the CNP Offer in relation to each shareholder. This report on the fairness and merits of the CNP Offer is therefore necessarily general in nature.

The Fairness Opinion is not to be used for any other purpose without our prior written consent.

1.5 Summary of Opinion

The CNP Offer is a partial takeover offer for between 2.39% and 14.32% of the Company's shares at $5.30 cash per share.

The CNP Offer provides a liquidity event for shareholders where they will receive $5.30 cash for each share that they accept into the offer.

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

- the CNP Offer is an offer for 2.39% of the shares in Superstore (with the discretion for CNP to accept up to 14.32% 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 $6.03 to $6.89 per share as at the present date
- the CNP Offer Price of $5.30 per share is below our assessed valuation range
- the CNP Offer Price of $5.30 per share represents a premium of 3% over Superstore's volume weighted average share price (**VWAP**) between 1 June 2023 and 25 July 2024 of $5.16. However, we note that 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
- the offer is subject to a number of conditions. Two of the conditions (in respect of the Company's legal proceedings against Michael Millar and ISL) have been waived. We do not consider any of the remaining conditions provide a significant impediment to the likelihood of the CNP Offer being declared unconditional
- if the CNP Offer is successful, CNP would (at most) control 36.54% of the Company's shares. This would allow it to block special resolutions but it would not be able to determine the full composition of the Board
- the likelihood of an alternative takeover offer is uncertain.

The main advantage for shareholders of accepting the CNP Offer is that they will be able to realise cash of $5.30 for each of their shares accepted into the offer. 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 CNP Offer is that shareholders will not participate in any potential appreciation in the value of the Company's shares as a result 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 $6.03 to $6.89 per share 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.

2. Evaluation of the Fairness and Merits of the CNP Offer

2.1 Basis of Evaluation

We have prepared our Fairness Opinion as if the CNP Offer was made under the Code.

The Code requires an evaluation of the *merits* of a transaction.

There is no legal definition of the term *merits* in New Zealand in either the Code or in any statute dealing with securities or commercial law.

In the absence of an explicit definition of *merits*, guidance can be taken from:

- the Takeovers Panel *Guidance Note on Independent Advisers* dated 1 November 2023
- definitions designed to address similar issues within New Zealand regulations which are relevant to the proposed transaction
- overseas precedents
- the ordinary meaning of the term *merits*.

We are of the view that an assessment of the merits of the CNP Offer should focus on:

- the rationale for the CNP Offer
- the assessed value of Superstore's shares and the value of the consideration to be received by shareholders
- the implications of the conditions attached to the CNP Offer
- the likelihood of alternative offers or alternative transactions
- the advantages and disadvantages for shareholders of accepting the CNP Offer
- the implications for shareholders of not accepting the CNP Offer.

Our opinion should be considered as a whole. Selecting portions of the evaluation without considering all the factors and analyses together could create a misleading view of the process underlying the opinion.

2.2 Rationale for the CNP Offer

CNP has not set out the rationale for its offer in its offer document nor has it articulated its rationale in detail to the Board, other than stating:

- CNP is of the view that the current state of the commercial property cycle presents opportunities to seek out other property-based investments
- CNP does not support the liquidation of Superstore.

We note that CNP is not obligated to state its rationale for the CNP Offer.

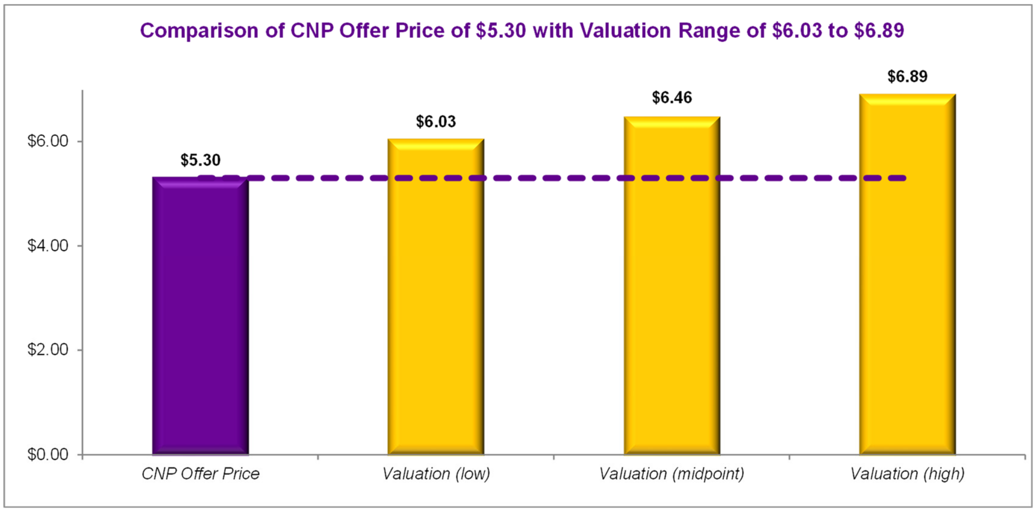
It is possible that CNP may see incremental value in Superstore that is not reflected in the Company's financial statements and / or in the prices that the Company's shares have traded at.

2.3 Value of Superstore's Shares

In our opinion, the full underlying value of Superstore is in the range of $6.03 to $6.89 per share as at the present date, as set out in section 4.

The assessed value range is for 100% of Superstore based on its current strategic and operational initiatives and therefore reflects the value of control. However, it excludes the value of any synergies that an acquirer may derive from acquiring full control of Superstore.

The CNP Offer Price of $5.30 cash per share is below our assessed valuation range.



2.4 Superstore's Share Price Compared with the CNP Offer Price

Since 1 June 2023, 25,000 shares have traded on Syndex between $5.00 and $6.00 per share at a VWAP of $5.16.

The CNP Offer Price of $5.30 represents a premium of 3% over the VWAP of $5.16.

The Company's shares last traded on Syndex on 11 June 2024 when 1,000 shares traded at $6.00.

The CNP Offer Price is at a discount of 12% to the last trade price of $6.00.

We note that trading in the Company's shares is extremely thin. Trading on Syndex commenced on 12 July 2021. Prior to that, the former manager of the Company (ISL) facilitated share trading between shareholders.

In our view, the illiquid nature of the shares means that the observed trading share prices are unlikely to be a totally reliable indicator of the fair market value of Superstore's shares.

2.5 Potential Synergies

If the CNP Offer is successful, CNP will control (at most) 36.54% of the Company's shares.

In our view, the financial synergies that would be available to CNP would be negligible as CNP would not be able to singlehandedly exercise any significant level of control over the affairs of the Company.

2.6 Conditions of the CNP Offer

All of the conditions of the CNP Offer are protective conditions for CNP's benefit.

CNP can waive any of the conditions at its discretion. CNP has already waived 2 of the conditions, both of which related to the legal proceedings discussed in section 3.8.

We do not consider any of the remaining conditions represent a major impediment to the CNP Offer being implemented.

2.7 Potential Outcomes of the CNP Offer

CNP is seeking to acquire 50,000 shares (2.39%) with the discretion to accept oversubscriptions of up to a further 250,000 shares (11.93%), totalling 300,000 shares (14.32%).

CNP may control (at most) 36.54% of the Company's shares. This will enable CNP to singlehandedly block special resolutions but it will not be able to singlehandedly determine the outcome of ordinary resolutions.

2.8 Likelihood of Alternative Takeover Offers is Unknown

We are advised by the Independent Director that as at the date of this report, he is not aware of any definitive alternative takeover offer or alternative transaction impacting the control of the Company other than the CNP Offer.

However, there is nothing to preclude another entity making a takeover offer for Superstore in competition with the CNP Offer.

For the sake of completeness, we note that if an alternative takeover offer was made, then those shareholders who had already accepted the CNP Offer would not be able to accept those shares into the alternative takeover offer until the CNP Offer lapsed.

2.9 Likelihood of CNP Increasing Its Offer Price

We are not aware of any intention on CNP's part to increase the CNP Offer Price.

2.10 Advantages of Accepting the CNP Offer

The CNP Offer provides an opportunity for shareholders to realise cash of $5.30 per share for some of their shares or possibly all of their shares.

The CNP Offer is for 50,000 shares. If CNP receives total acceptances in excess of 50,000 shares, it may accept oversubscriptions at its sole discretion up to a further 250,000 shares. If there are oversubscriptions, CNP will deal with all acceptances at its sole discretion.

The Company's constitution allows the Board to refuse to register transfers which would see a shareholder left with less than 1,000 shares. Therefore shareholders wishing to accept the CNP Offer should:

- accept all of their shares into the offer if they own less than 1,000 shares or wish to sell all of their shares, or
- accept such number of their shares into the offer so as to ensure that they still hold at least 1,000 shares following the completion of the offer.

2.11 Disadvantages of Accepting the CNP Offer

By accepting all of their shares into the CNP Offer, shareholders will cease to hold an interest in Superstore and therefore forgo the possibility that the value of the Company's property portfolio may increase in time and may be reflected in an increase in Superstore's share price.

It may be possible for some shareholders to accept some of the shares into the CNP Offer and retain the remainder of their shares.

However, shareholders should bear in mind that Superstore's shares are illiquid and therefore even if the value of the Company increases, this may not be fully reflected in any share price that a seller may be able to negotiate with a purchaser – if indeed a purchaser exists.

2.12 Implications of Not Accepting the CNP Offer

If the CNP Offer is declared unconditional, then those shareholders who do not accept the CNP Offer will continue as shareholders in Superstore and will be subject to the issues set out in section 2.7.

2.13 Acceptance or Rejection of the CNP Offer

Acceptance or rejection of the CNP Offer is a matter for individual shareholders based on their own views as to value and future market conditions, risk profile, liquidity preference, tax position and other factors. In particular, taxation consequences may vary across shareholders. Shareholders will need to consider these consequences and consult their own professional adviser if appropriate.

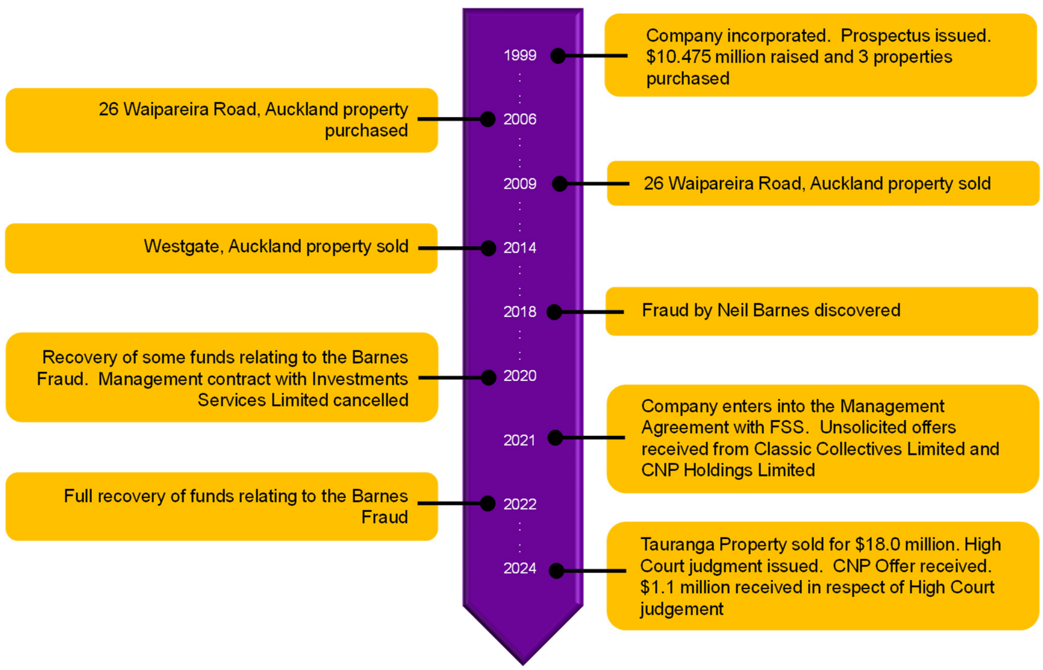
3. Profile of Superstore

3.1 Background and History

Superstore was incorporated on 25 January 1999.

The Company issued a prospectus on 15 February 1999, seeking to raise $10.475 million through the issue of shares and mortgage bonds. The capital was used to part fund the acquisition of 3 retail properties located at Westgate (Auckland), Tauranga and Christchurch.

Key events in the Company's history are set out below.



3.2 Property Portfolio

Following the sale of the 483 Cameron Road, Tauranga property (the **Tauranga Property**) on 31 May 2024 for $18.0 million, Superstore's property portfolio now consists of only 1 commercial property located at 319 Cranford Street, Christchurch (the **Christchurch Property**).

Christchurch Property	
Address	319 Cranford Street St Albans Christchurch
Tenant	Fletcher Distribution Limited (PlaceMakers)
Property overview	The property is a purpose-built trade store facility built in 1998 for PlaceMakers. Building upgrades and alterations were undertaken in 2013. The property is situated to the western side of Cranford Street, abutting the recently completed Christchurch Northern Arterial Extension. This forms part of a small pocket of commercial / industrial activity property within the mixed-use suburb of St Albans, approximately 4 km to the north of the Christchurch central business district (**CBD**). The property is a substantial site of 1.5195 hectares with ample onsite car parking provision. The property comprises 2 traditional late 1990s warehouses providing a total of 4,359 m^2 of retail, drive-through, office and storage space.
Tenancy details	
– Commencement date	7 February 2022
– Lease term	6 years
– Rights of renewal	2 x 6 years each
– Contract base rent	$625,236 (less annual incentive payment of $25,000)
– Outgoings	a fully net lease
Valuation (31 Mar 2024)	$8,625,000

The Christchurch Property sustained damage resulting from the Canterbury earthquakes of 4 September 2010 and 22 February 2011 and / or their subsequent aftershocks. The property requires repairs to its floor slabs due to cracks.

A settlement agreement has been agreed with the Company's insurer (IAG New Zealand Limited) but is still awaiting signing by Fletcher Distribution Limited.

The Company's property portfolio has been valued by CVAS Limited (**Colliers**) for each annual balance date. The most recent valuation of the Christchurch Property was as at 26 March 2024 (the **Colliers 2024 Valuation**).

3.3 Directors

The directors of Superstore are:

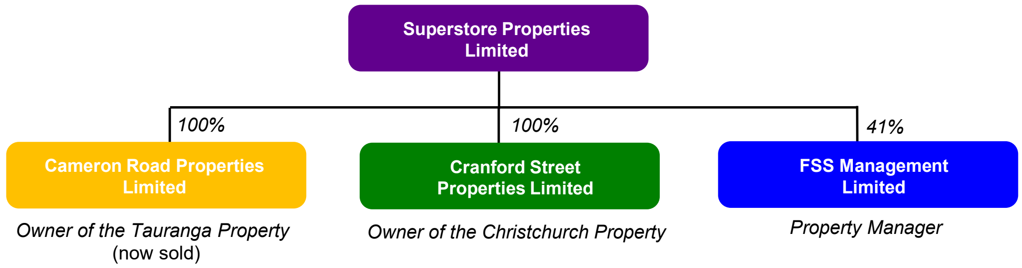
- John Murray, independent chair (appointed 28 September 2020, reappointed 15 September 2023)
- Damien Prendergast (appointed 7 May 2020, reappointed 28 September 2020 and 15 September 2023).

5 directors resigned from the Board in 2020:

- Craig Dennis (appointed 7 May 2020, resigned 28 September 2020)
- David Penrose (appointed 5 May 2020, resigned 28 September 2020)
- Michael Millar (appointed 25 January 1999, resigned 12 May 2020)
- Paul Mephan (resigned 21 April 2020)
- Gillian Bishop (appointed 14 April 2020, resigned 7 May 2020).

3.4 Group Structure

Superstore's group structure is set out below.



3.5 Management Agreement

Superstore has no employees. All of its management and day to day operational activities are outsourced to FSS under the Management Agreement.

FSS has 2 part time employees:

- Paul Rosanowski, project manager
- Richard Eberlein, property manager.

The key terms of the Management Agreement are:

- the agreement can be terminated by either party by giving at least 90 days written notice
- FSS will provide Superstore with the following non-financial services:
  - carry out the day to day management and administration of the Company
  - arrange for the issue of share certificates, management of the share register and payment of distributions in respect of Superstore's shares
  - arrange for the operation of a secondary market for Superstore's shares
  - procure the filing of all returns for the Company with the IRD and the Companies Office
  - arrange for the preparation and audit of Superstore's financial statements
  - instruct such accountants, auditors, solicitors, valuers and other consultants or advisers as deemed necessary
- FSS will provide Superstore with the following financial services:
  - arrange finance for Superstore's activities in consultation with the Company
  - procure and supervise the acquisition, management (including tenants, accounts and buildings) and eventual sale of the properties owned or to be owned by Superstore
  - operate all bank accounts
  - do or perform such other acts or things which the Company may reasonably request in connection with the investment and administrative management of Superstore and its properties

- a management fee of 9.0% of Superstore's net rental from the properties plus GST
- if Superstore requests FSS to undertake any matters relating to its properties which are outside the specified services, Superstore will pay a time and attendance fee to FSS at a rate of $120 per hour plus GST.

The Management Agreement was varied on 1 April 2024 by way of the Deed of Variation of Management Agreement (the **Variation Deed**), whereby the management fees payable are:

- a fee of 9% of Superstore's net rental from the properties plus GST
- at the discretion of FSS, FSS may provide a rebate to Superstore based on fees received against costs incurred at the end of the year
- in the event that either the Tauranga Property or the Christchurch Property is sold, Superstore will pay FSS up to 1.5% annually plus GST of the total managed funds held in all bank accounts. FSS shall review and determine the appropriate percentage to charge at every annual budget
- the time and attendance fee rate increases to $150 per hour plus GST.

Prior to entering into the Management Agreement on 1 January 2021, Superstore was managed by ISL up to 31 December 2020.

3.6 Capital Structure and Shareholders

Superstore currently has 2,095,000 ordinary shares on issue held by 221 shareholders.

The names, number of shares and percentage holding of the 10 largest holders of ordinary shares as at 24 June 2024 are set out below.

Superstore's 10 Largest Holders of Ordinary Shares

Shareholder	No. of Ordinary Shares Held	%
CNP	465,500	22.22%
ISL	400,000	19.09%
A & J Enterprises 2006 Limited (**A & J**)	307,000	14.65%
Manatu Limited	76,000	3.63%
Robert Trotter	47,000	2.24%
Lesley Morris	22,000	1.05%
Carol Belcher	22,000	1.05%
Catherine Rickards	20,000	0.95%
Michael Shatwell	20,000	0.95%
Neil Page	19,900	0.95%
Subtotal	1,399,400	66.80%
Others (211 shareholders)	695,600	33.20%
Total	2,095,000	100.00%

Source: Superstore

CNP acquired its 22.22% shareholding in December 2021 through acceptances of the 2021 Offer.

ISL is the former manager of Superstore (up to 31 December 2020). ISL is owned by Michael Millar, Andrea Millar and Grant Uridge. Mr Millar is a former director of Superstore. He resigned from the Board on 12 May 2020. Mr Millar also holds 12,000 shares (0.57%) in his own name.

A & J is owned by Damien Prendergast and Rebecca Prendergast. Mr Prendergast is a director of Superstore.

3.7 Barnes Fraud

On or about March 2018, a fraud by (then) director Neil Barnes was discovered within the Company by new director and chief executive officer of ISL Paul Mephan (the **Barnes Fraud**).

The quantum of the Barnes Fraud was determined to be $793,631. The misappropriated funds related to:

- money owing to the IRD for dividend withholding tax – $710,066
- amounts owed for unclaimed distributions and other payments – $83,565.

Legal action was taken against Mr Barnes and some of his assets were recovered and sold. The full quantum of the Barnes Fraud of $793,631 was eventually recovered by the 2022 financial year.

3.8 High Court Proceedings and Judgment

In 2020 Company shareholder Craig Priscott became involved and threatened a derivative action by the Company if the newly appointed directors (Damien Prendergast and John Murray) did not act in respect of the Barnes Fraud.

Following a legal review of Mr Priscott's claims, Superstore initiated High Court proceedings against Michael Millar (as first defendant) and ISL (as second defendant).

The claims against Mr Millar were for breach of his director's and fiduciary duties and against ISL for fraud, in negligence and for breach of contract.

The matter was heard in the High Court in May 2023.

Superstore obtained a judgment from the High Court on 16 May 2024 in its favour for $656,394 (plus GST, interest and costs) against Mr Millar and ISL.

Superstore received a total of $1,110,147 from Mr Millar and ISL on 9 July 2024 as payment in respect of the High Court judgment, with costs yet to be determined.

Mr Millar and ISL have lodged an appeal against the judgment in respect of their liability for the quantum awarded and whether GST is payable on the sum.

We are advised by the Independent Director that the appeal will be opposed by Superstore. In the meantime, the funds received from Mr Millar and ISL are being held in Superstore's lawyer's trust account pending the outcome of the appeal.

3.9 Financial Performance

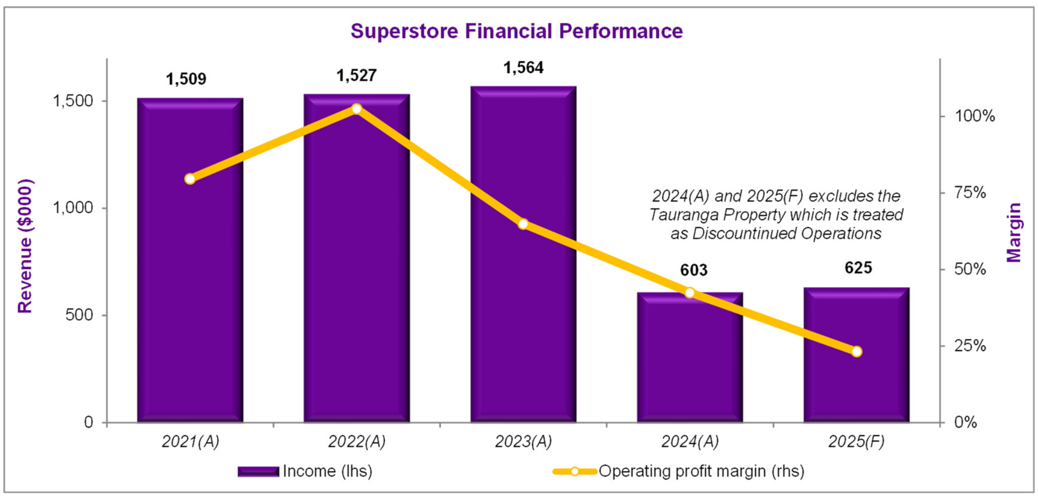
A summary of Superstore's recent financial performance is set out below.

Summary of Superstore Financial Performance

	Year to 31 Mar 21 (Audited) $000	Year to 31 Mar 22 (Audited) $000	Year to 31 Mar 23 (Audited) $000	Year to 31 Mar 24 (Draft) $000	Year to 31 Mar 25 (Forecast) $000
Income	1,509	1,527	1,564	603	625
Expenses	(307)	38	(549)	(347)	(480)
Operating profit	1,202	1,565	1,015	256	145
Finance costs (net)	(296)	(353)	(593)	5	-
High Court judgment	-	-	-	-	1,006
Fair value gain on investment properties	1,700	6,500	(4,050)	(121)	-
NPBT	2,606	7,712	(3,628)	140	1,151
Income tax expense	(209)	(236)	(129)	(94)	(322)
NPAT from continuing operations	2,397	7,476	(3,757)	46	829
NPAT from discontinued operations	-	-	-	654	660
NPAT	2,397	7,476	(3,757)	700	1,489
EPS	$1.14	$3.57	($1.79)	$0.33	$0.71
DPS	$0.20	$0.50	$0.35	$0.00	$0.15

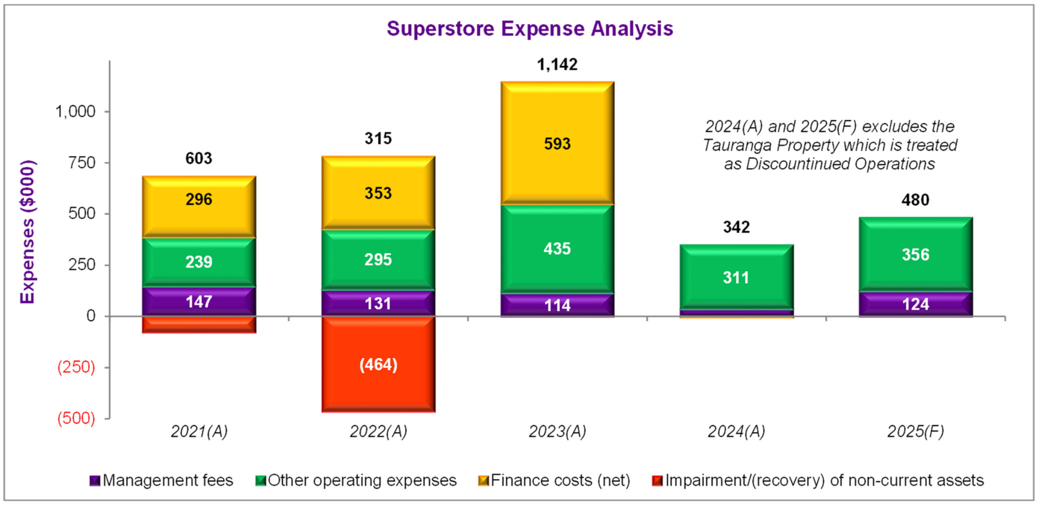
NPBT: Net profit before tax
NPAT: Net profit after tax
EPS: Earnings per share
DPS: Dividends per share (gross)

Source: Superstore audited financial statements, draft 2024 financial statements and 2025 forecast



Income each year consists of rental income, net of lease incentives. The decrease in income for the 2024 and 2025 financial years is due to the Tauranga Property being sold in May 2024, and therefore treated as a discontinued operation in those 2 years.

An analysis of Superstore's expenses for the past 4 financial years and its forecast for the 2025 financial year is set out in the following graph.



Superstore's main ongoing operating expenses are finance costs and management fees.

Prior to the sale of the Tauranga Property, finance costs have ranged between approximately $0.3 million and $0.6 million each year and represent interest costs on a $9.9 million loan facility provided by ANZ Bank New Zealand Limited (**ANZ**) (the **ANZ Loan**). The ANZ Loan was repaid on 31 May 2024 following the settlement of the sale of the Tauranga Property. Finance costs in 2024 and 2025 have been attributed to discontinued operations.

Prior to 1 January 2021, management fees equated to approximately 10% of income each year. The FSS management fee commenced on 1 January 2021 and is calculated based on 9.0% of net rental. In addition, FSS can be paid a time and attendance fee for additional services it undertakes at Superstore's request.

Recovery of non current assets relates to the Barnes Fraud:

- $0.08 million was recovered in 2021
- $0.46 million was recovered in 2022.

Unrealised gains / losses on the property portfolio have been recorded each year:

- 2021 – a $1.7 million gain
- 2022 – a $6.5 million gain
- 2023 – a $4.05 million loss
- 2024 – a $0.1 million loss.

The $0.7 million NPAT from discontinued operations in the 2024 financial year related to revenue and expenses attributable to the Tauranga Property, which was sold in May 2024.

The forecast for the 2025 financial year is based on Superstore's actual results for the 2 months to 31 May 2024 and its forecast for the 10 months to 31 March 2025.

The key assumptions in the forecast are:

- there are no acquisitions or disposals of properties in the financial year other than the sale of the Tauranga Property in May 2024
- rental income is as per the Christchurch Property lease

- operating expenses total $0.48 million for the year for continuing operations. This includes management fees of $0.12 million, legal fees of $0.10 million and directors' fees of $0.09 million
- finance costs amount to $0.17 million for the first 2 months of the year
- High Court judgment receipts of $1.0 million in July 2024
- a net gain of $0.78 million in respect of the sale of the Tauranga in May 2024.

The forecast for the 2025 financial year does not include any unrealised gain or loss on the Christchurch Property.

3.10 Financial Position

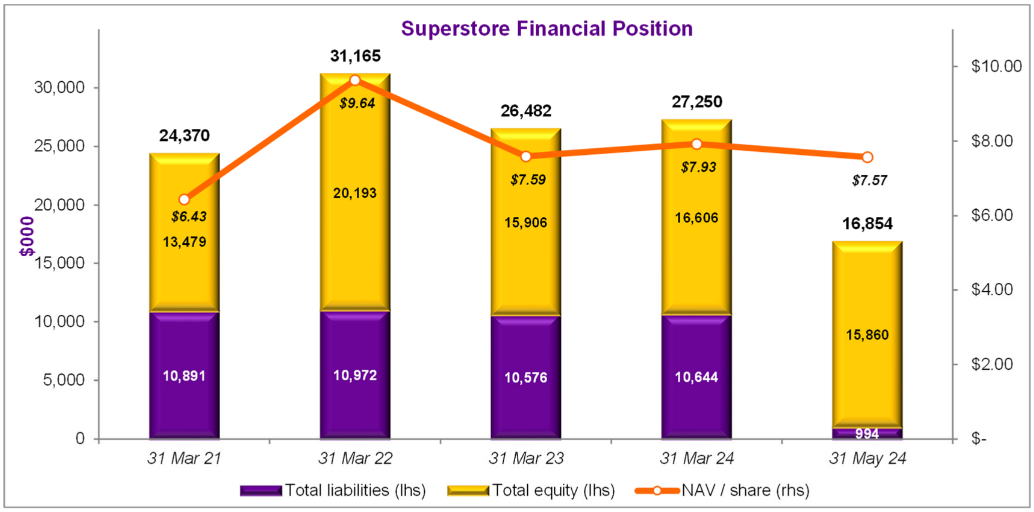
A summary of Superstore's recent financial position is set out below.

Summary of Superstore Financial Position

	As at 31 Mar 21 (Audited) $000	As at 31 Mar 22 (Audited) $000	As at 31 Mar 23 (Audited) $000	As at 31 Mar 24 (Draft) $000	As at 31 May 24 (Unaudited) $000
Cash and bank	598	900	250	442	325
Trade and other receivables	2	9	-	44	-
Other current assets	38	23	67	22	98
Current assets	638	932	317	508	423
Investment properties	23,650	30,150	26,100	26,625	8,625
Investment in associates	39	38	42	42	42
Other non current assets	43	45	23	75	7,764
Non current assets	23,732	30,233	26,165	26,742	16,431
Total assets	24,370	31,165	26,482	27,250	16,854
Trade and other payables	(104)	(155)	(131)	(1,718)	(597)
Loans	-	(9,924)	-	(7,977)	-
Current liabilities	(104)	(10,079)	(131)	(9,695)	(597)
Loans	(9,924)	-	(9,524)	-	-
Deferred tax	(863)	(893)	(921)	(949)	(397)
Non current liabilities	(10,787)	(893)	(10,445)	(949)	(397)
Total liabilities	(10,891)	(10,972)	(10,576)	(10,644)	(994)
Net assets	13,479	20,193	15,906	16,606	15,860
NAV	$6.43	$9.64	$7.59	$7.93	$7.57

NAV: Net asset value per share

Source: Superstore audited financial statements, draft 2024 financial statements and 31 May 2024 management accounts



The Company's current assets consist mainly of cash, along with rent rebates.

Superstore uses Colliers as its independent registered valuer. The annual financial statements reflect the independently assessed market values of the property portfolio at the respective dates.

The carrying value of the Christchurch Property was $8.625 million as at 31 March 2024 and 31 May 2024, based on the Colliers 2024 Valuation.

Investment in associates represents Superstore's 41% interest in FSS.

Other non current assets of $7.8 million as at 31 May 2024 consisted of term deposits at ANZ, representing the net proceeds from the sale of the Tauranga Property.

The Company's current liabilities consist of trade and other payables, including taxation payable.

Non current liabilities of $0.4 million as at 31 May 2024 consisted of deferred tax, arising primarily from timing differences on the depreciation of the Christchurch Property.

The ANZ Loan was repaid on 31 May 2024, following the settlement of the sale of the Tauranga Property.

Total equity of $15.9 million as at 31 May 2024 consisted of:

- $2.1 million of issued and paid up capital
- $13.5 million of retained earnings
- $0.3 million of capital reserves.

3.11 Cash Flows

A summary of Superstore's recent cash flows is set out below.

Summary of Superstore Cash Flows

	Year to 31 Mar 21 (Audited) $000	Year to 31 Mar 22 (Audited) $000	Year to 31 Mar 23 (Audited) $000	Year to 31 Mar 24 (Draft) $000	Year to 31 Mar 25 (Forecast) $000
Net cash flow from operating activities	521	1,064	280	230	1,930
Net cash (used) / from investing activities	(41)	-	-	1,509	15,797
Net cash used in financing activities	(225)	(763)	(929)	(1,547)	(8,251)
Net increase / (decrease) in cash held	255	301	(649)	192	9,476
Opening cash balance	343	598	899	250	442
Closing cash balance	598	899	250	442	9,918

Source: Superstore audited financial statements, draft 2024 financial statements and 2025 forecast

Operating activities cash flows in the 2022 financial year included $0.5 million of fraud recovery.

Investing activities cash flows in the 2024 financial year included a $1.8 million deposit received on 1 February 2024 in respect of the sale of the Tauranga Property, less selling costs. The remaining $16.2 million of sale proceeds, less costs, was received in May 2024.

Financing activities cash flows have mainly been in respect of dividends paid and associated withholding taxes each year.

The balance of the ANZ Loan of $8.0 million was repaid in May 2024 upon settlement of the sale of the Tauranga Property.

3.12 Share Price History

There is limited liquidity in the Company's shares. They are not quoted on any stock exchange but since July 2021 have been able to be traded on the Syndex online trading platform.

Since 1 June 2023, 25,000 shares have been traded on Syndex in the range of $5.00 to $6.00 per share at a VWAP of $5.16.

The most recent trade was on 11 June 2024, where 1,000 shares were traded at $6.00.

The 3 trades prior to that (between 2 February 2024 and 15 May 2024) involved 8,000 shares, all at $5.00 per share.

4. Valuation of Superstore

4.1 Introduction

The CNP Offer is a partial takeover offer for up to 300,000 of the Company's shares. In such circumstances, we are of the view that the appropriate basis upon which to evaluate the fairness of the CNP Offer is to compare the CNP Offer Price of $5.30 per share with the full underlying value of Superstore on a standalone basis, pro-rated across all shares.

Such an approach attributes full control value to Superstore under its current strategic and operational initiatives, but excludes the value of any synergies that may accrue to a specific acquirer. The resulting value exceeds the price at which we would expect minority interests in Superstore to trade in the absence of the CNP Offer.

This approach is in line with one of the Code's core foundations that all shareholders be treated equally and is consistent with Rule 57(4) of the Code (which deals with specific circumstances when an expert determination is required in respect of compulsory acquisition), which seeks to avoid issues of premia or discounts for minority shareholdings.

4.2 Standard of Value

We have assessed the fair market value of 100% of the shares in Superstore.

Fair market value is defined as the price that a willing but not anxious buyer, with access to all relevant information and acting on an arm's length basis, would be prepared to pay to a willing but not anxious seller in an open, unrestricted and stable market.

4.3 Basis of Valuation

In general terms it is recognised that the value of a share represents the present value of the net cash flows expected therefrom. Cash flows can be in the form of either dividends and share sale proceeds or a residual sum derived from the liquidation of the business.

There are a number of methodologies used in valuing shares and businesses. The most commonly applied methodologies include:

- discounted cash flow (**DCF**)
- capitalisation of earnings
- net assets or estimated proceeds from an orderly realisation of assets.

Each of these valuation methodologies is applicable in different circumstances. The appropriate methodology is determined by a number of factors including the future prospects of the business, the stage of development of the business and the valuation practice or benchmark usually adopted by purchasers of the type of business involved.

The DCF method is the fundamental valuation approach used to assess the present value of future cash flows, recognising the time value of money and risk. The value of an investment is equal to the value of future free cash flows (**FCF**) arising from the investment, discounted at the investor's required rate of return.

The capitalisation of earnings method is an adaptation of the DCF method. It requires an assessment of the maintainable earnings of the business and a selection of a capitalisation rate (or earnings multiple) appropriate to that particular business for the purpose of capitalising the earnings figure.

An assets based methodology is often used in circumstances where the assets of a company have a market value independent of the profitability of the company that owns them. A valuation based on an orderly realisation of assets is normally restricted to instances where the investor holds sufficient control to effect a sale of the assets and / or there is some indication that an orderly realisation is contemplated.

4.4 Valuation Approach

Our preferred valuation approach is the DCF method. However, in the absence of robust long term financial forecasts that have been approved by the Board, it is not possible to undertake a meaningful DCF analysis of Superstore.

We have therefore assessed the value of Superstore using the following valuation methodologies:

- sum of the parts (**SOTP**)
- net realisable value (**NRV**)
- capitalisation of dividends.

We have assessed the reasonableness of the valuation outcomes by comparing the implied valuation multiples with the observed multiples for comparable companies.

4.5 SOTP Valuation Assessment

Methodology

The SOTP approach assumes that Superstore can and will continue as a going concern. It involves assessing:

- the current market value of all of Superstore's assets
- the current market value of all of Superstore's liabilities (both on and off balance sheet)
- the net present value (**NPV**) of all of Superstore's obligations not reflected in the liabilities (eg its ongoing management costs and the costs associated with the CNP Offer).

The SOTP approach is an adaption of the DCF approach. It is premised on the basis that:

- the current market values of Superstore's assets are the NPV of the assets' FCF
- the current market values of Superstore's liabilities are the NPV of the FCF associated with those liabilities and obligations.

We have assessed the underlying value of Superstore's shares by aggregating the values of the Company's component assets and liabilities as follows:

- the Christchurch Property based upon the Colliers 2024 Valuation
- the value of Superstore's other assets and liabilities has been based upon our estimates of their realisable values
- Superstore's maintainable ongoing level of corporate overheads has been capitalised at an appropriate multiple to arrive at the NPV for the head office function
- the Company's costs associated with the CNP Offer have been deducted.

Christchurch Property

We have adopted the Colliers 2024 Valuation as the basis for assessing the value of the Christchurch Property. The Colliers 2024 Valuation was $8.625 million and is summarised below.

Christchurch Property	
Valuation date	31 March 2024
Valuation	$8,625,000
Basis of valuation	Market value subject to existing tenancies and occupational rights
Assessment approach	Discounted cash flow Capitalisation approach
Vacancy rate	Nil
Weighted average lease duration	3.85 years
Rental value / m^2	$1,979
Capitalisation rate	8.00%
Discount rate	9.00%
Terminal yield	8.50%
Net contract income	$625,236
Net market income	$725,216
Outgoings - estimated	$141,674

Source: Colliers 2024 Valuation

We have reviewed the Colliers 2024 Valuation and are of the view that the valuation approaches applied by Colliers are appropriate and that the Colliers' valuation assessment of $8.625 million is reasonable.

Other Assets and Liabilities

We have adopted the carrying values for the Company's other assets and liabilities as at 31 May 2024, other than in respect of the deferred tax liability.

Our SOTP valuation is predicated on the basis that Superstore continues as a going concern and that the Christchurch Property is retained (effectively into perpetuity). In such circumstances, the deferred tax liability (arising from the recovery of depreciation claimed for tax purposes) will never crystallise. Therefore this liability is ignored for valuation purposes.

High Court Judgement

As set out in section 3.8, Superstore obtained a judgment from the High Court on 16 May 2024 in its favour against Michael Millar and ISL.

The Company received $1,110,147 on 9 July 2024 from Mr Millar and ISL as payment in respect of the High Court judgment, with costs yet to be determined.

However, given that Mr Millar and ISL are appealing the judgment, the funds are being held in Superstore's lawyer's trust account pending the outcome of the appeal.

Given the uncertainty at the date of this report as to the likely outcome of the appeal, we have ascribed a value range of nil (assuming the appeal is fully upheld) to $1.11 million (assuming the appeal is fully dismissed) to the High Court judgment.

Corporate Overheads

As set out in section 3.9, Superstore's corporate overheads (excluding the Barnes Fraud related costs and recoveries and finance costs) have ranged between approximately $0.4 million to $0.5 million over the past 4 financial years and are forecast to be approximately $0.5 million in the 2025 financial year.

We have taken the forecast 2025 corporate overheads of approximately $0.5 million to best represent Superstore's level of future maintainable corporate overheads.

We have capitalised the maintainable corporate overheads at a pre tax multiple of 6.0x to 7.0x (based on our assessment of the Company's cost of capital) to derive the NPV of capitalised corporate overheads in the range of approximately $2.9 million to $3.4 million.

Cost of the CNP Offer

We are advised by Superstore that the costs associated with responding to the CNP Offer will likely be in the range of $45,000 to $55,000. These costs cover legal advice, the costs associated with this report and Board costs.

Valuation Assessment

Based on the above, we assess the value of Superstore's shares to be in the range of $6.13 to $6.89 per share as at the present date using the SOTP approach.

SOTP Valuation Assessment				
	As at 31 May 24 (Unaudited) $000	**Basis**	**Low $000**	**High $000**
Cash	325	*1*	325	325
Receivables	98	*1*	98	98
Christchurch Property	8,625	*2*	8,625	8,625
Investment in FSS	42	*1*	42	42
Term deposits	7,764	*1*	7,764	7,764
Creditors and accruals	(597)	*1*	(597)	(597)
Deferred tax	(397)	*3*	-	-
Net assets	15,860		16,257	16,257
High Court judgment			-	1,110
Capitalised corporate costs			(3,360)	(2,880)
CNP Offer costs			(55)	(45)
Value of 100% of shares			12,842	14,442
No. of shares (000)			2,095	2,095
Value per share			$6.13	$6.89

1 31 May 2024 management accounts
2 Colliers 2024 Valuation
3 Deferred tax liability is assumed not to crystallise

4.6 NRV Valuation Assessment

Methodology

The NRV approach derives a value for the shares by assessing the residual cash distribution that would be made to shareholders after:

- selling all of Superstore's assets in a timely manner
- repaying all liabilities, including tax liabilities that may arise from the sale of assets
- allowing for costs involved in liquidating the Company.

We have assessed the NRV of Superstore based upon an orderly sale of the Company's assets over the next 6 to 12 months, allowing for the costs required to realise the assets and wind-up the Company.

In applying the NRV valuation approach, we note that we are not aware of any intention on the Board's part to sell all or any of the Company's assets or to liquidate Superstore. Accordingly, our NRV valuation assessment must be viewed as hypothetical only.

Christchurch Property

We have assessed the NRV of the Christchurch Property based on the Colliers 2024 Valuation.

In our view, the property could be sold within (say) 3 to 6 months in the current commercial property market. We have assessed the NRV of the property based on the Colliers 2024 Valuation less an allowance of 2% for selling costs (marketing and agent's commission).

This equates to an NRV of approximately $8.5 million for the Christchurch Property.

Other Assets and Liabilities

We have adopted the carrying values for the Company's other assets and liabilities as at 31 May 2024.

Based on the assessed NRV of the Christchurch Property, we assess the tax payable by Superstore upon the sale of the property to be approximately $0.03 million, being 28% corporate tax on approximately $0.1 million of depreciation recovered.

High Court Judgement

Given the uncertainty at the date of this report as to the likely outcome of the appeal, we have ascribed a value range of nil (assuming the appeal is fully upheld) to $1.11 million (assuming the appeal is fully dismissed) to the High Court judgment.

Cost of the CNP Offer

We are advised by Superstore that the costs associated with responding to the CNP Offer will likely be in the range of $45,000 to $55,000.

Liquidation Costs

We estimate the costs associated with liquidating Superstore would be in the range of $75,000 to $90,000. These costs cover legal costs and accounting costs.

Valuation Assessment

Based on the above, we assess the value of Superstore's shares to be in the range of $7.60 to $8.14 per share as at the present date using the NRV approach.

NRV Valuation Assessment	As at 31 May 24 (Unaudited) $000	Basis	Low $000	High $000
Cash	325	*1*	325	325
Receivables	98	*1*	98	98
Christchurch Property	8,625	*2*	8,453	8,453
Investment in FSS	42	*1*	42	42
Term deposits	7,764	*1*	7,764	7,764
Creditors and accruals	(597)	*1*	(597)	(597)
Deferred tax	(397)	*3*	(29)	(29)
Net assets	15,860		16,056	16,056
High Court judgment			-	1,110
CNP Offer costs			(55)	(45)
Liquidation costs			(90)	(75)
Value of 100% of shares			15,911	17,046
No. of shares (000)			2,095	2,095
Value per share			$7.60	$8.14

1 31 May 2024 management accounts
2 Colliers 2024 Valuation less 2% selling costs
3 Based on assessed tax liability

4.7 Capitalisation of Dividends Valuation Assessment

Methodology

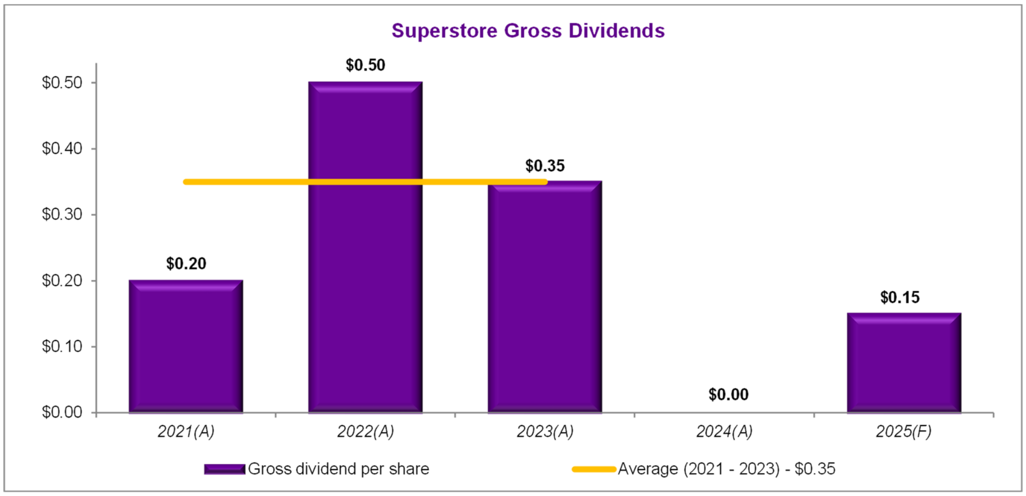
The capitalisation of dividends approach requires an assessment of the maintainable dividends of the business and a selection of a capitalisation rate (dividend yield) appropriate to that particular business for the purpose of capitalising the dividend.

Maintainable Dividends

Superstore has paid gross dividends in 3 of the past 4 years up to the 2024 financial year, ranging from $0.20 per share in the 2021 financial year to $0.50 per share in the 2022 financial year.

No dividend was paid in the 2024 financial year.

The Company paid a gross dividend of $0.15 per share on 28 May 2024.

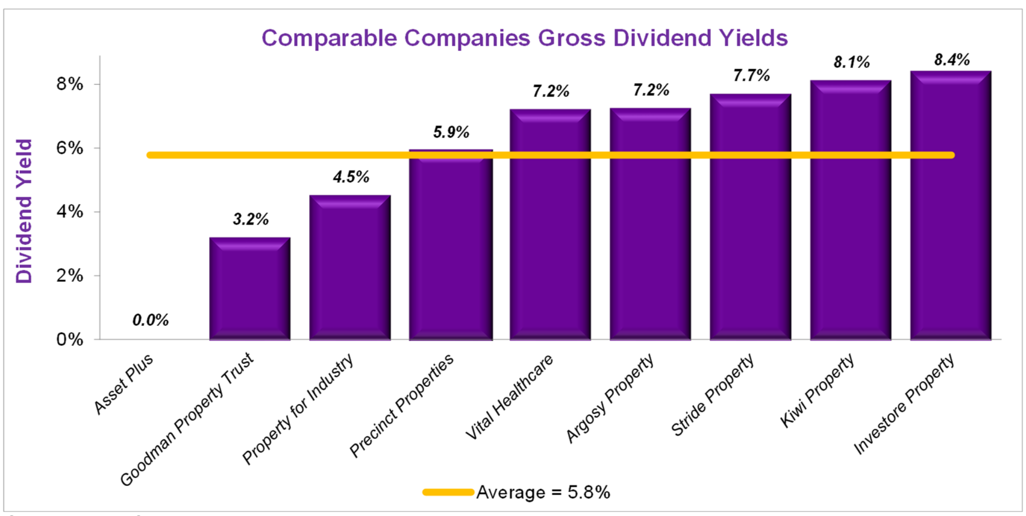


The average gross dividend paid over the 2021, 2022 and 2023 financial years equated to $0.35 per share.

We assess Superstore's maintainable gross dividend to be in the vicinity of $0.35 per share (based on the 3 year average).

Gross Dividend Yield

Set out at Appendix I is an analysis of historic gross dividend yields for 9 property investment companies listed on the NZX Main Board.



Source: NZX Company Research, data as at 25 July 2024

The gross dividend yields range from 0.0% to 8.4% at an average of 5.8% and a median of 7.2%.

We have applied the average observed dividend yield of 5.8% for the valuation of Superstore.

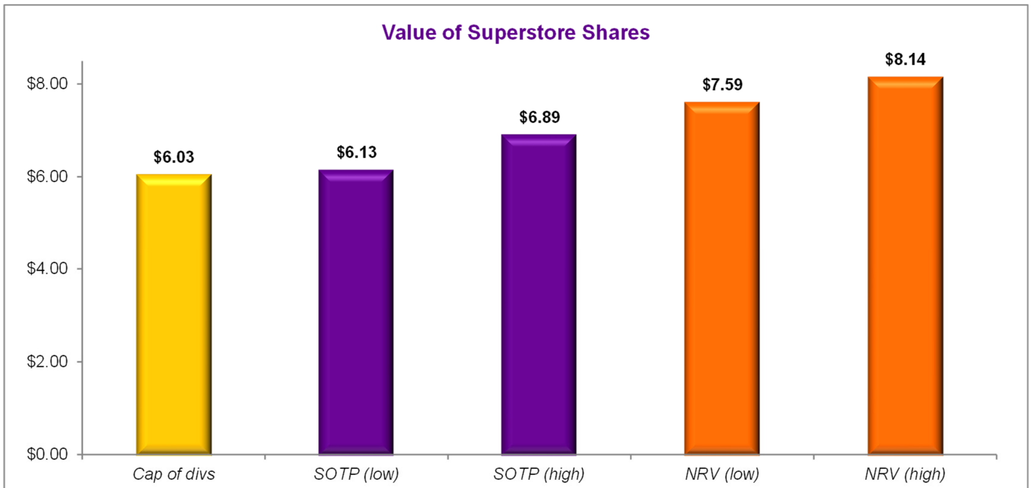
Valuation Assessment

Based on the above, we assess the value of Superstore's shares to be in the vicinity of $6.03 per share as at the present date using the capitalisation of dividends approach.

Capitalisation of Dividends Valuation Assessment	
	$
Maintainable gross dividend per share	0.35
Gross dividend yield	5.8%
Value per share	6.03

4.8 Value of Superstore Shares

The outcomes under the 3 valuation approaches are a value range of $6.03 to $8.14 per share as at the present date.



As stated in section 4.6, we understand that there is currently no intention on the Board's part to liquidate Superstore. Accordingly, for the purposes of our Fairness Opinion, we have disregarded the valuation outcome under the NRV valuation approach.

We therefore assess the fair market value of Superstore's shares to be in the range of $6.03 to $6.89 per share as at the present date.

4.9 Implied Valuation Multiples

The assessed value range of $6.03 to $6.89 per share implies price earnings (**PE**) and NAV multiples as set out below. The PE multiples are based on Superstore's actual results for the 2024 financial year and its forecast for the 2025 financial year. The NAV multiples are based on Superstore's NAV as at 31 May 2024.

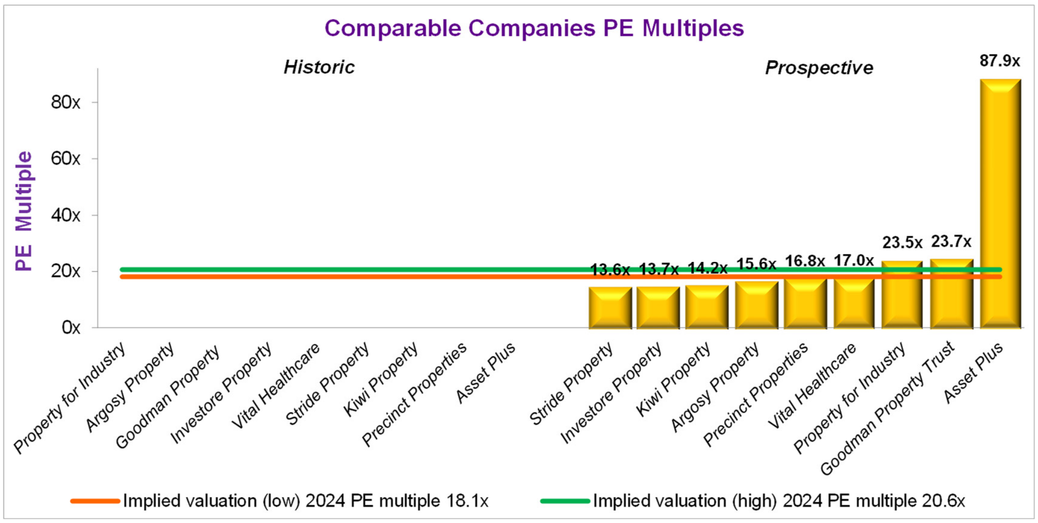
Implied Valuation Multiples	31 March 2024 (Actual)		31 March 2025 (Forecast)	
	Low	High	Low	High
Value per share	$6.03	$6.89	$6.03	$6.89
PE multiple	18.1x	20.6x	8.5x	9.7x
NAV multiple	0.8x	0.9x	0.8x	0.9x

n/m: Not meaningful (as NPAT is negative)

In the absence of publicly available data in respect of recent transactions involving companies that are truly comparable with Superstore, we have compared the implied valuation multiples with observed multiples for comparable listed New Zealand companies. However, this analysis can only provide an indication of reasonableness as the companies listed on the NZX Main Board are not directly comparable with Superstore due to their size and / or the diversity of their operations.

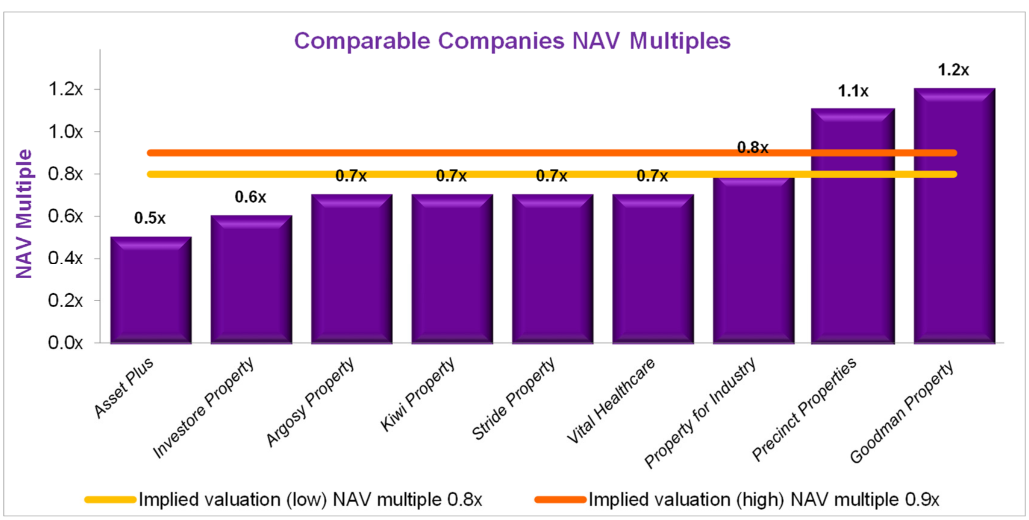
Set out at Appendix I is an analysis of historic and prospective PE multiples and historic NAV multiples for 9 property investment companies listed on the NZX Main Board. The companies are considerably larger than Superstore and have more diverse operations.

The observed PE and NAV multiples are based on trading prices for minority parcels and as such do not include any premium for control.



Source: S&P Capital IQ, data as at 25 July 2024

The historic PE multiples are not meaningful as each comparable company reported a loss in its most recent financial year. The prospective PE multiples range from 13.6x to 87.9x at an average of 25.1x and a median of 16.8x. The prospective PE multiples do not reflect any unrealised gains on the property portfolios.



Source: S&P Capital IQ, data as at 25 July 2024

The historic NAV multiples range from 0.5x to 1.2x at an average of 0.8x and a median of 0.7x.

Given the comparative size of Superstore to the comparable companies and the lack of liquidity in its shares, we consider the implied valuation multiples to be reasonable.

4.10 Conclusion

We assess the fair market value of 100% of the shares in Superstore to be in the range of $6.03 to $6.89 per share as at the present date.

The valuation represents the full underlying standalone value of Superstore based on its current strategic and operational initiatives. The value range exceeds the prices at which we would expect minority interests in Superstore to trade, if an active market existed for the shares, at the present time in the absence of a change of control transaction.

5. Sources of Information, Reliance on Information, Disclaimer and Indemnity

5.1 Sources of Information

The statements and opinions expressed in this report are based on the following main sources of information:

- the CNP Offer dated 5 July 2024
- the Management Agreement
- the Variation Deed
- the Superstore board minutes and resolutions from April 2017 to March 2024
- the Superstore annual reports for the years ended 31 March, 2018 to 2023
- the draft Superstore annual report for the year ended 31 March 2024
- the Superstore management accounts for the 2 months ended 31 May 2024
- the Superstore budget for the year ended 31 March 2025
- the Superstore forecast for the year ended 31 March 2025
- the Colliers valuation of the Christchurch property as at 26 March 2024
- the Tauranga Property agreement for sale and purchase of real estate
- share price data and shareholder data from Superstore
- the Superstore prospectus dated 15 February 1999
- comparable company data from S&P Capital IQ and NZX Company Research
- publicly available information regarding the New Zealand property industry.

During the course of preparing this report, we have had discussions with and / or received information from the Independent Director and the Manager.

The Independent Director has confirmed that we have been provided for the purpose of this Fairness Opinion with all information relevant to the CNP Offer that is known to him and that all the factual information provided by Company contained in this report is true and accurate in all material aspects and is not misleading by reason of omission or otherwise.

Including this confirmation, we have obtained all the information that we believe is necessary for the purpose of preparing this Fairness Opinion.

In our opinion, the information set out in this Fairness Opinion is sufficient to enable the Independent Director and the Company's shareholders to understand all the relevant factors and to make an informed decision in respect of the CNP Offer.

5.2 Reliance on Information

In preparing this report we have relied upon and assumed, without independent verification, the accuracy and completeness of all information that was available from public sources and all information that was furnished to us by Superstore and its advisers.

We have evaluated that information through analysis, enquiry and examination for the purposes of preparing this report but we have not verified the accuracy or completeness of any such information or conducted an appraisal of any assets. We have not carried out any form of due diligence or audit on the accounting or other records of Superstore. We do not warrant that our enquiries would reveal any matter which an audit, due diligence review or extensive examination might disclose.

5.3 Disclaimer

We have prepared this report with care and diligence and the statements in the report are given in good faith and in the belief, on reasonable grounds, that such statements are not false or misleading. However, in no way do we guarantee or otherwise warrant that any forecasts of future profits, cash flows or financial position of Superstore will be achieved. Forecasts are inherently uncertain. They are predictions of future events that cannot be assured. They are based upon assumptions, many of which are beyond the control of Superstore and its directors and management. Actual results will vary from the forecasts and these variations may be significantly more or less favourable.

We assume no responsibility arising in any way whatsoever for errors or omissions (including responsibility to any person for negligence) for the preparation of the report to the extent that such errors or omissions result from our reasonable reliance on information provided by others or assumptions disclosed in the report or assumptions reasonably taken as implicit.

Our evaluation has been arrived at based on economic, exchange rate, market and other conditions prevailing at the date of this report. Such conditions may change significantly over relatively short periods of time. We have no obligation or undertaking to advise any person of any change in circumstances which comes to our attention after the date of this report or to review, revise or update this report.

5.4 Indemnity

Superstore has agreed that, to the extent permitted by law, it will indemnify Simmons Corporate Finance and its directors and employees in respect of any liability suffered or incurred as a result of or in connection with the preparation of this report. This indemnity does not apply in respect of any negligence, wilful misconduct or breach of law. Superstore has also agreed to indemnify Simmons Corporate Finance and its directors and employees for time incurred and any costs in relation to any inquiry or proceeding initiated by any person. Where Simmons Corporate Finance or its directors and employees are found liable for or guilty of negligence, wilful misconduct or breach of law, Simmons Corporate Finance shall reimburse such costs.

6. Qualifications and Expertise, Independence, Declarations and Consents

6.1 Qualifications and Expertise

Simmons Corporate Finance is a New Zealand owned specialist corporate finance advisory practice. It advises on mergers and acquisitions, prepares independent expert's reports and provides valuation advice.

The person in the company responsible for issuing this report is Peter Simmons, B.Com, DipBus (Finance), INFINZ (Cert).

Simmons Corporate Finance and Mr Simmons have significant experience in the independent investigation of transactions and issuing opinions on the merits and fairness of the terms and financial conditions of the transactions.

6.2 Independence

Simmons Corporate Finance does not have at the date of this report, and has not had, any shareholding in or other relationship with Superstore, FSS, CNP or Mr Priscott or any conflicts of interest that could affect our ability to provide an unbiased opinion in relation to the CNP Offer.

Simmons Corporate Finance has not had any part in the formulation of the CNP Offer or any aspects thereof. Our sole involvement has been the preparation of this report.

Simmons Corporate Finance will receive a fixed fee for the preparation of this report. This fee is not contingent on the conclusions of this report or the outcome of the CNP Offer. We will receive no other benefit from the preparation of this report.

6.3 Declarations

An advance draft of this report was provided to the Independent Director for his comments as to factual accuracy of the contents of the report. Changes made to the report as a result of the circulation of the draft have not changed the methodology or our conclusions.

Our terms of reference for this engagement did not contain any term which materially restricted the scope of the report.

6.4 Consents

We consent to the issuing of this report in the form and context in which it is to be sent to Superstore's shareholders. Neither the whole nor any part of this report, nor any reference thereto may be included in any other document without our prior written consent as to the form and context in which it appears.

Peter Simmons
Director
Simmons Corporate Finance Limited
26 July 2024

Appendix I

Comparable Companies Trading Multiples

Trading Multiples					
Company	Market Capitalisation ($m)	PE Multiple		NAV Multiple	Gross Dividend Yield
		Historic	Prospective		
Argosy Property	911	n/m	15.6x	0.7x	7.2%
Asset Plus	74	n/m	87.9x	0.5x	0.0%
Goodman Property	3,201	n/m	23.7x	1.2x	3.2%
Investore Property	422	n/m	13.7x	0.6x	8.4%
Kiwi Property	1,370	n/m	14.2x	0.7x	8.1%
Precinct Properties	1,975	n/m	16.8x	1.1x	5.9%
Property for Industry	1,100	n/m	23.5x	0.8x	4.5%
Stride Property	693	n/m	13.6x	0.7x	7.7%
Vital Healthcare	1,304	n/m	17.0x	0.7x	7.2%
Minimum	74	n/m	13.6x	0.5x	0.0%
Average	1,228	n/m	25.1x	0.8x	5.8%
Median	1,100	n/m	16.8x	0.7x	7.2%
Maximum	3,201	n/m	87.9x	1.2x	8.4%

n/m: Not meaningful (as NPAT is negative)

Source: NZX Company Research and S&P Capital IQ, data as at 25 July 2024

Argosy Property Limited

Argosy Property Limited's portfolio currently consists of approximately 100 properties comprising industrial, office and retail properties. The company's properties are primarily located in Auckland, Hamilton and Wellington. The firm was formerly known as ING Property Trust and Argosy Property Trust. Argosy Property Limited is based in Auckland.

Asset Plus Limited

Asset Plus Limited invests in retail, commercial and industrial properties located throughout New Zealand. Its portfolio currently consists of 2 properties. The properties are managed by Centuria NZ, which is based in Auckland. The company was formerly known as The National Property Trust and NPT Limited. Asset Plus Limited was founded in 1994.

Goodman Property Trust

Goodman Property Trust is a real estate investment trust externally managed by Goodman (NZ) Limited. Its portfolio consists of industrial property and business space. Goodman Property Trust was founded in April 1999 and is based in Auckland.

Investore Property Limited

Investore Property Limited owns a portfolio of 45 large format retail properties that operate in the supermarket, building materials / hardware and general merchandise categories. The company was founded in 2015 and is based in Auckland.

Kiwi Property Group Limited

Kiwi Property Group Limited is one of New Zealand's largest listed diversified property companies, investing in mixed-use, retail and office space. The company was formerly known as Kiwi Income Property Trust. Kiwi Property Group Limited was formed in 1992 and is based in Auckland.

Precinct Properties New Zealand Limited

Precinct Properties New Zealand Limited specialises in the investment and operation of commercial premium office properties and is one of the largest owners of premium inner-city business space in Auckland and Wellington.

Property for Industry Limited

Property For Industry Limited invests in industrial properties located across New Zealand. It currently has a portfolio of 92 properties. Property For Industry Limited was founded in 1994 and is based in Auckland.

Stride Property Group

Stride Property Group is an NZX listed stapled group comprising Stride Property Limited and Stride Investment Management Limited. Stride Property Limited is a real estate investment firm specialising in co-investments and investments in office, retail and industrial real estate properties. Stride Investment Management Limited is a specialist real estate investment manager. Stride Property Group is based in Auckland.

Vital Healthcare Property Trust

Vital Healthcare Property Trust specialises in investments in healthcare properties in New Zealand and Australia. It undertakes acquisition or development of medical or healthcare-related properties such as surgical and medical facilities, geriatric and continuing care facilities primary healthcare facilities and health support facilities. It was formerly known as ING Medical Properties Trust and Calan Healthcare Properties Trust.