

Superstore Properties Limited

Minutes of Annual General Meeting: Held 15 September 2023

From 11.00am

De Lorenzo Apartments, Trafalgar Street, Nelson

- **Welcome to all – Chair John Murray: Including those present and via Livestream**

Present: John Murray (Chair), Damien Prendergast (Shareholder and Director), Paul Rosanowski (Project Manager), Richard Eberlein (Property Manager).

Shareholders in attendance:

Manatu Ltd and Jillian Truman

F/T Trust (Peter Truman)

A&J Enterprises 2006 Ltd

(Damien Prendergast)

Frank Saxton

Michael Millar

Investment Services Ltd

(Gillian Bishop)

Hamish Neill

Proxies Held

Andrea Prendergast	12,600
CNP Investment Holdings LP	465,500
Fay Earles Trust	1,000
KD&SI Stevenson Trust	10,000
SK Searle	2,000
Helen Sinclair	9,000
Timothy Brooks	1,003

Apologies

Andrea Prendergast

Craig Priscott

Fay Earles

Helen Sinclair

Timothy Brooks

Jeanette Armstrong

Margaret Bailey

Sheryl Searle

Mandy Deans

- **Introduction of the staff and directors (John Murray):**
 - John, Damien, Paul, and Richard

Overview of the year 2022-2023 operations (John Murray):

- Another challenging year

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- Two main features – attending to High Court Hearing in May 2023; awaiting judgement; will respond once known/resolved and the second feature was the possible sale of properties.
 - Cranford Street – Insurance claim pending – working through the implications of accepting the value from the insurance firm and analysing when this work could be carried out and what might the cost be when it is completed.
 - Listed Cranford Street in December 2022 with JLL real estate. Interest was not high and was subsequently withdrawn.
- June 2023 – Special Meeting – revoked Old Constitution and accepted a new constitution.
- Official OCR continued to rise during the year
- Cameron Road – lease renewal in 2025. This property was listed in June 2023. Subsequently withdrawn from the market. The risk with this property is that The Warehouse may not extend their lease.

- Property yields (cap rates) have increased during the year. There have been some property sales throughout the country although there is less than the previous year.
- Company declared a 25 cent dividend in May 2022 and a further dividend in November 2022 of 10 cents. Both fully imputed.
- Banking arrangements – Have a loan from the ANZ of \$9.5m. The interest covenant may go close to that agreed with the ANZ. Our discussions with ANZ indicate they are okay with the situation.
- Looking to resolve the insurance claim. ANZ is a party too this agreement. Funds from the claim may possibly be used on the ANZ loan.
- Funds will be retained within the company until we know what is happening with the Warehouse lease.
- Dividend payments may recommence if the Warehouse is staying otherwise the funds may be needed to alter the building to fit new tenants.
- Will review all properties in September 2024 for possible sale.

○

Damien Prendergast:

- Update from SFO - Warrant of arrest out for Mr Barnes
- High Court – Heard in the Nelson High Court 1 to 9 May 2023 with final submissions in Wellington on 12 May. Awaiting judgement for over 4 months. Not sure when the judgment will be available. Company has claimed approximately \$656,394 plus interest and costs and ISL's counter claim is \$440,062.
- Legal fees – large part of accounts. Paid \$120,000 for the year of which \$103,000 is for the ISL/Millar case.
 - Total legal fees are split apportioned to the amount claimed by First NZ, Superstore and Springs Road.

- **Syndex – secondary market: (Damien Prendergast)**
 - Trading on secondary market \$132K on share trades – 21,000 shares

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- Prices range from \$6.00 to \$7.50. No commission paid to Syndex.
- Registry and share fees now paid by the Company
- Last share trade was \$6.00

- Question: Does Syndex promote shares on secondary market.
Answer, If signed up, a syndex member can see all information. They will get regular emails if shares listed.
- Question: Legal costs queried and the way they are proportioned across the Companies. The speaker considered this to be ridiculous as it depends on the outcome of the Court case. The claim maybe less and will the numbers be changed? Also queried if the company will carry on with the Court case?
Answer – the legal charges are apportioned based on the claim amount. No, they won't be changed as they are based on the current claims in the Court.
- The discussion was called to order and completed.
- Peter Truman asked that it be noted that M Millar was asking the questions, noting he is one of the defendants in the Court case along with ISL.

Paul Rosanowski:

- Rentals shown a small increase in revenue
- Finance costs at ANZ large increase and interest rate up to 8.13%. Actual total cost is up by 70% on 2022.
- Property values – variability, with most going down (down \$4M this year)
- Profit after tax – influenced by the unrealised loss on property values.
- Equity down to \$15.9M (from 20M last year)
- ANZ Loan down to \$9.5M – due for review in April 2024
- Dividends 35c/share (in cash) paid out during the year.

	2023	2022	
Total rental income	\$1,538,594	\$1,526,552	0.79%
Finance cost	\$598,451	\$352,702	69.68%
Profit from operations	\$421,849	\$1,211,634	-65.18%
Gain (Loss) on investment property	-\$4,050,000	\$6,500,000	162.31%
			-
Profit after tax	-\$3,757,333	\$7,475,829	150.26%
Property valuation	\$26,100,000	\$30,150,000	-13.43%
Equity	\$15,905,672	\$20,192,596	-21.23%
Bank - ANZ Loan - Floating rate	\$9,524,000	\$9,924,000	-4.03%
Apr-24			
Interest Percentage 31 March	8.13%	4.26%	90.85%
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Earnings per share	-\$1.79	\$3.57	150.14%
Dividends paid	\$529,591	\$762,841	-30.58%
- per share	\$0.25	\$0.36	-30.56%
Net tangible assets	\$7.59	\$9.63	-21.18%
Last traded price per share	\$6.00	\$6.00	0.00%

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6/07/2023

Question: Do we benchmark our management against other property management companies

Answer – It is a management company owned by the 3 shareholder property companies. Any profit is returned to the shareholders. Difficult to compare with other management companies due to the issues at hand.

Richard Eberlein:

- **Cranford Street:**

- The property at 315 – 321 Cranford Street, Christchurch comprises two traditional tilt-slab, late 1990's warehouses providing a total of 4,360sqm of retail, drive-through, office and storage space.
- Major structural repairs to the walls and roofs following the 2010 earthquakes have been completed, courtesy of insurers. The buildings now have a 67%NBS.
- The partial replacement of the earthquake damaged concrete floors and driveway has been agreed with insurers. As the works are best deferred whilst the building is occupied, we propose settling the remainder of the EQ claim. Negotiations around the repair costs continue.
- The exterior of the building was recently repainted, and several minor roof and joinery repairs completed.
- The property was marketed recently but the outstanding insurance claim was an obstacle. The property was therefore withdrawn.
- Discussion between shareholders at the meeting and Richard – re the NBS rating, what risk is there to not fix the floor?
Answer – We understand the floor is not affecting the NBS rating. The floor has a 75mm level change, so it is insignificant. The floor would need to be cleared before any work could be completed.

- **Cameron Road**

- The Warehouse Limited originally leased the property in 1999 and renewed it in 2015 for 10 years to 2025. They have three rights of renewal of 4 years each taking it through to 2037.
- The current net rent increased to \$925,000 in April 2022. TWL are also repaying \$36,000pa against an improvement loan until 2025.
- The property was marketed but no satisfactory offers were received. The marketing process exposed rumours that TWL may intend to vacate the property in 2025 to concentrate on their Fraser Cove and Papamoa stores. TWL will not confirm and do not have to give notice until December 2024.

RESOLUTIONS:

The following resolutions were proposed:

(7 Proxies held – all in favour of the resolutions)

RESOLUTIONS

- 1) That the minutes of the 21 September AGM held at Trailways Hotel, Nelson be approved.

Passed unanimously.

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- 2) That the 2022-2023 Annual Report be received and approved
Passed unanimously.
- 3) That BDO continue as Auditors for the following year, 2024. The manager of the Company to fix the fees and expenses of the Company's auditor.
Passed unanimously.
- 4) That John Murray be reappointed as Director for a further 3-year term.
Passed unanimously.
- 5) That Damien Prendergast be reappointed as a Director for a further 3-year term.
Passed unanimously.

- **General Business:**

- **Acknowledgements** and thanks given to the Staff and Team at FSS Management, fellow Director Damien and the RWCA, Duncan Cotterill and BDO Teams, along with the Shareholders who have attended, especially those who have travelled.

Meeting closed at 11.50am, with a vote of thanks to all who attended