



## Disclosure Document

### Sections 61(5) and 62 of the Companies Act 1993

#### Background

As outlined in the notice of meeting circulated with this document, Rangatira Limited (Rangatira) proposes to make one or more offers to shareholders of Rangatira to acquire their shares in Rangatira (Buyback).

This disclosure document sets out the information that the Companies Act 1993 requires to be provided to shareholders.

#### Nature and terms of the Offer

Rangatira proposes to make one or more offers (Offer) to shareholders of Rangatira to acquire up to an aggregate of:

- A 600,000 A shares in Rangatira (A Shares); and
- B 600,000 B shares in Rangatira (B Shares),

(the A Shares and the B Shares together being the Shares) on the following terms:

- C the consideration for each Share will be determined by the board from time to time, however will not exceed 80% of the assessed asset backing value of each Share as set out in the last public statement of that assessed asset backing value made by Rangatira prior to the Offer;
- D Rangatira will not make any Offers until the later of shareholder approval of the Buyback (as described more fully in the notice of meeting) and 10 working days after this disclosure document has been sent to each shareholder. Rangatira can make any Offers for 12 months after this disclosure document has been sent to shareholders. After that, if the maximum amount of the Buyback has not been achieved and Rangatira wants to continue the Buyback, each shareholder will be sent another disclosure document;
- E the Shares acquired by Rangatira will be held as treasury shares until the Shares acquired equal 5% of the number of shares of the same class previously on issue; and
- F Rangatira is not obliged to make Offers and may cease doing so at any time.

## Directors' interests

As at the date of this disclosure document, the directors of Rangatira have the following relevant interests in the shares the subject of the Offer:

| Director                   | Number and class of shares                     | Interest   |
|----------------------------|--|--|
| Douglas Keith Gibson       | 63,500 A shares                                | Douglas Keith Gibson holds 63,500 A shares in Rangatira.   |
|                            | 26,500 A shares                                | Douglas Keith Gibson holds 26,500 A shares in Rangatira jointly with Robyn May Gibson and William Duncan MacDonald as trustees of a trust.                                   |
|                            | 100,000 A shares                               | Douglas Keith Gibson holds 100,000 A shares in Rangatira jointly with Robyn May Gibson and Ian McKegg as trustees of a trust.  |
|                            | 502,481 A shares and 8,748,975 B shares        | Douglas Keith Gibson's daughter, Sarah Louise McLennan, holds 502,481 A shares and 8,748,975 B shares in Rangatira jointly with Christopher McKenzie as trustees of a trust. |
| William Lindsay Gillanders | 10,000 A shares held by LRS Management Limited | William Lindsay Gillanders is a director of, and holds shares in, LRS Management Limited, a shareholder of Rangatira.  |

## Board resolutions

The board of Rangatira resolved on 29<sup>th</sup> May 2017 that:

- 1 In the opinion of the directors of Rangatira, Rangatira will, after acquiring the shares under the Buyback, satisfy the solvency test in accordance with section 52 of the Companies Act because:
  - a Rangatira will be able to pay its debts as they become due in the normal course of business; and
  - b the value of Rangatira's assets will be greater than the value of its liabilities, including contingent liabilities.
- 2 In reaching the conclusions in paragraph 1, the directors have had regard to:
  - a the most recent financial statements of Rangatira that comply with the Financial Reporting Act 2013; and
  - b all other circumstances that the directors know or ought to know affect, or may affect, the value of Rangatira's assets and the value of Rangatira's liabilities, including its contingent liabilities.

- 3 In accordance with section 60(3) of the Companies Act:
  - a in the opinion of the directors of Rangatira the acquisition of shares is in the best interests of Rangatira and the terms of the Offer and the consideration offered for the shares under the Buyback are fair and reasonable to Rangatira; and
  - b the directors are not aware of any information that will not be disclosed to shareholders of Rangatira:
    - i which is material to an assessment of the value of the shares; and
    - ii as a result of which the terms of the Offer and consideration offered for the shares under the Buyback are unfair to shareholders accepting the Offer.
- 4 In accordance with section 61 of the Companies Act, in the opinion of the directors of Rangatira:
  - a the acquisition of shares is of benefit to the remaining shareholders; and
  - b the terms of the Offer and the consideration offered for the shares under the Buyback are fair and reasonable to the remaining shareholders.
- 5 The reasons for reaching the conclusions in paragraphs 3 and 4 are as follows:
  - a the consideration payable by Rangatira for the shares under the Buyback will be less than the assessed asset backing value of those shares at the time of the Buyback;
  - b acquiring shares where the share price is less than the assessed asset backing value of those shares is considered by the board (taking into account prevailing circumstances) to be an efficient use of capital; and
  - c shareholders to whom the Offer is made have total discretion to choose whether to participate in the Buyback so they can decide whether to take some or all of their investment back in the form of cash, or continue to hold Shares.
- 6 Subject to approval by ordinary resolution of the shareholders of Rangatira in accordance with clause 4 of the Takeovers Code (Class Exemptions) Notice (No 2) 2001:
  - a Rangatira acquire the B shares under the Buyback and carry out all transactions reasonably necessary to acquire the B shares;
  - b any director is authorised to acquire the B shares under the Buyback for and on behalf of Rangatira, and to sign any documents and do any other things as he or she may determine to be necessary or advisable to give effect to those acquisitions;
  - c Rangatira acquire the A shares under the Buyback and carry out all transactions reasonably necessary to acquire the A shares; and

- d any director is authorised to acquire the A shares under the Buyback for and on behalf of Rangatira, and to sign any documents and do any other things as he or she may determine to be necessary or advisable to give effect to those acquisitions.
- 7 In accordance with and subject to clause 8.1 of the constitution of Rangatira and section 67A of the Companies Act, Shares acquired under the Buyback will be held as treasury shares until the Shares acquired equal 5% of the total number of shares of the same class previously on issue.
- 8 On completion of the acquisition of the shares under the Buyback, the share register and Companies Office records be updated accordingly.



## Explanatory Notes

### Voting

"A" Shareholders of the Company are entitled to vote on all matters at this Annual Meeting, other than as specified in the explanatory notes in relation to resolution 4.

### Proxies

- a) "A" Shareholders of the Company are entitled to appoint a proxy to attend and vote on their behalf.
- b) A proxy need not be a shareholder in the Company.
- c) Proxies must be received at the Registered Office not later than 4:30pm Wednesday 26<sup>th</sup> July 2017.

### Resolution 4 (Share Buyback)

The purpose of resolution 4 is to authorise and approve the acquisition by Rangatira of up to an aggregate of 600,000 A shares and 600,000 B shares in Rangatira (Buyback) so that the Code Shareholders (as defined below) are exempted from rule 6(1) of the Takeovers Code in respect of any increased percentage of voting rights held or controlled by any of them as a result of the Buyback.

### *The Offer*

If the resolution is approved by shareholders, Rangatira intends to make one or more offers (Offer) to shareholders of Rangatira to acquire up to an aggregate of:

- A 600,000 A shares in Rangatira (A Shares), being approximately 10% of the A Shares on issue at the date of this notice; and
- B 600,000 B shares in Rangatira (B Shares), being approximately 5% of the B Shares on issue at the date of this notice,

(the A Shares and the B Shares together being the Shares) on the following terms:

- C the consideration for each Share will be determined by the board from time to time, however will not exceed 80% of the assessed asset backing value of each Share as set out in the last public statement of that assessed asset backing value made by Rangatira prior to the Offer; and
- D the Offer(s) will be made between 31 July 2017 and the date which is 12 months after the disclosure document circulated with this notice and which was sent to shareholders (Buyback Period), however Rangatira will not be obliged to make Offers and may cease doing so at any time.

The Shares acquired by Rangatira will be held as treasury shares until the Shares acquired equal 5% of the number of shares of the same class previously on issue.

### *Takeovers Code requirements*

Rangatira is a *Code company* under the Takeovers Code. Rule 6(1) of the Takeovers Code prohibits any transaction that would result in an increase in the voting securities of any person who, taken together with their associates, holds or controls 20% or more of the voting rights of Rangatira (Code Shareholders).

Sarah McLennan and various other members of the Gibson family together hold more than 1.2% of the A Shares (the shares that carry voting rights) in Rangatira. Sarah McLennan is also a personal trustee of the JR McKenzie Trust. The personal trustees of the JR McKenzie Trust hold shares in Rangatira on trust for the JR McKenzie Trust. As a personal trustee of the JR McKenzie Trust, Sarah McLennan has influence over the voting of the 8.15% of the A Shares held by the personal trustees of that trust. The Gibson family's shareholdings combined with the shareholdings of the personal trustees of the JR McKenzie Trust make up more than 20% of the voting rights in Rangatira. Therefore, members of the Gibson family will be Code Shareholders.

Under the Takeovers Code, any associate of the Gibson family is also treated as a Code Shareholder. The McKenzie family and the Gibson family have a close personal relationship. Therefore, any member of the McKenzie family may, on a conservative basis, be considered to be an associate of the Gibson family. On the basis of a "safety first" approach, the McKenzie family and the Gibson family have agreed for the purposes of seeking this shareholder approval that each member of the McKenzie family will be treated as an associate of the Gibson family (and therefore a Code Shareholder). Rangatira wishes to note that despite the "safety first" approach for the purposes of the Buyback, the Gibson family and the McKenzie family do not necessarily consider that they are associates of each other.

The Code Shareholders are listed in Annexure B.

The approval of shareholders that are not Code Shareholders, or any associates of Code Shareholders, is required for the proposed Buyback so that the Code Shareholders are exempted from rule 6 of the Takeovers Code in respect of any increase in the number of voting securities of Rangatira they hold or control which results from any Buyback. This exemption is provided under the Takeovers Code (Class Exemptions) Notice (No 2) 2001 (Exemption Notice). The Exemption Notice requires that certain information be provided in the notice of meeting sent to shareholders to approve the Buyback. That information is set out in Annexure A.

The Exemption Notice also requires that this notice be accompanied by a report from an independent adviser in relation to the Buyback. That report is circulated with this notice.

Because of the trust structures of the Code Shareholders' shareholdings, the Takeovers Code (Rangatira Limited) Exemption Notice 2017 allows shares held by Code Shareholders to be transferred during the Buyback Period in the event of a reorganisation of a trust, a person becoming a personal representative of a Code Shareholder, or a person being transferred shares under the terms of a will or laws relating to intestacy in relation to a Code Shareholder.

### *Directors' recommendation*

The directors of Rangatira recommend that the shareholders vote in favour of resolution 4 and approve the Buyback. The reasons for the recommendation of the directors are:

- a before undertaking any acquisition under the Buyback, the directors must, as required by the Companies Act 1993, determine that the acquisition is in the best interests of Rangatira and the shareholders;
- b the consideration payable by Rangatira for the Shares under the Buyback will be less than the assessed asset backing value of those Shares at the time of the Buyback;
- c acquiring Shares where the share price is less than the assessed asset backing value of those Shares is considered by the board (taking into account prevailing circumstances) to be an efficient use of capital;
- d shareholders to whom the Offer is made have total discretion to choose whether to participate in the Buyback so they can decide whether to take some or all of their investment back in the form of cash, or continue to hold Shares; and
- e the Buyback may increase liquidity in the shares in Rangatira.

### *Voting restrictions*

The Exemption Notice prohibits the Code Shareholders and their associates from voting on this resolution.

## Annexure A

### Disclosures in respect of acquisition of own shares under The Takeovers Code (Class Exemptions) Notice (No 2) 2001

|   | Disclosure requirements  | Comments   |
|---|--|--|
| a | Full particulars of the Buyback  | Full particulars of the Buyback are set out in the explanatory notes and this Annexure A.  |
| b | A statement of the name of the person who holds or controls voting securities and is relying on the Exemption Notice   | The Code Shareholders listed in Annexure B hold voting securities and are relying on the buyback exemption granted under the Exemption Notice. |
| c | The following particulars of the voting securities that may, if the resolution is carried, be acquired by Rangatira under the Buyback:   |  |
|   | i the maximum number (the approved maximum number) of its own voting securities that Rangatira could acquire under the Buyback;  | 600,000 A shares.<br><br>(Note: The B shares are non-voting)   |
|   | ii the percentage of all voting securities on issue that the approved maximum number represents;   | 9.73% of the A shares on issue.  |
|   | iii the maximum percentage (the approved maximum percentage) of all voting securities on issue that the Code Shareholder could hold or control if Rangatira acquired the approved maximum number of voting securities;   | The relevant percentages are listed against each Code Shareholder's name in Annexure B.  |
|   | iv the maximum percentage of all voting securities on issue that the Code Shareholders and all the Code Shareholders' associates, excluding any associates of Code Shareholders who are also relying on the Exemption Notice, could hold or control, in aggregate, if Rangatira acquired the approved maximum number of voting securities. | 42.02%   |
|   | v the maximum percentage of all voting securities on issue that the Code Shareholders and all the Code Shareholders' associates could hold or control, in aggregate, if Rangatira acquired the approved maximum number of voting securities.   | 42.02%   |



|   | Disclosure requirements   | Comments  |
|---|---|---|
| d | The consideration for the Buyback, or the manner in which the consideration will be determined, and when it will be payable.  | <p>The consideration for each share acquired by Rangatira under the Buyback will be determined by the board from time to time, however will not exceed 80% of the assessed asset backing value of each share as set out in the last public statement of that assessed asset backing value made by Rangatira prior to the Buyback.</p> <p>Rangatira will pay the price within five business days after the date of each acquisition.</p> |
| e | The reasons for the Buyback.  | Rangatira considers that the Buyback has value for its shareholders. These reasons are more fully explained in the Explanatory Notes.   |
| f | A statement to the effect that the increase in the Code Shareholders' voting control that would result from the Buyback would, if approved, be permitted as an exception to rule 6(1) of the Takeovers Code in reliance on the buyback exemption in clause 4 of the Exemption Notice.   | The increase in the Code Shareholders' voting control that would result from the Buyback would, if approved, be permitted as an exception to rule 6(1) of the Takeovers Code in reliance on the buyback exemption in clause 4 of the Exemption Notice.  |
| g | A report from an independent adviser, in relation to the Buyback, that complies with rule 18 of the Takeovers Code (as if the references in that rule to an acquisition under rule 7(c) of the Takeovers Code were references to the buyback by Rangatira made in accordance with the Exemption Notice and the references to a notice of meeting were references to this notice). | An independent report prepared by Simmons Corporate Finance Limited accompanies this notice of meeting.   |
| h | A statement by the directors of Rangatira, in relation to the Buyback, that complies with rule 19 of the Takeovers Code as if the reference in that rule to an acquisition under rule 7(c) of the Code were a reference to the buyback by Rangatira made in accordance with the Exemption Notice.   | See <i>Directors' Recommendation</i> in the Explanatory Notes.  |
| i | The following assumptions have been applied for the purposes of providing the particulars of voting securities, as specified in c above:  | <p>The information in this table assumes that:</p> <ul style="list-style-type: none"> <li>– the number of voting securities in Rangatira is the number of voting securities on issue on the calculation date;</li> <li>– there is no change in the total number of voting securities on issue between the</li> </ul>  |

|   | Disclosure requirements   | Comments   |
|---|---|--|
|   |   | <p>calculation date and the end of the Buyback period, other than as a result of the Buyback;</p> <ul style="list-style-type: none"> <li>– the Code Shareholders do not participate in the Buyback;</li> <li>– Rangatira acquires the approved maximum number of its own voting securities; and</li> <li>– there is no change to any Code Shareholder as a result of any reorganisation of any trust, transmission of shares to an executor, trustee or administrator, or acquisition of voting securities by a beneficiary under a will.</li> </ul> |
| j | The calculation date for determining the particulars of voting securities, as specified in c above. | 29 <sup>th</sup> May 2017  |

## Annexure B

### Code Shareholders

| Shareholder   | Actual shareholding percentage | The maximum percentage of all voting securities on issue that the Code Shareholder could hold or control if Rangatira acquired the approved maximum number of voting securities |
|---|--------------------------------|---|
| Anna Elizabeth Gibson   | 0.89%                          | 0.99%   |
| Douglas Keith Gibson  | 1.03%                          | 1.14%   |
| Douglas Keith Gibson, Robyn May Gibson and William Duncan Macdonald (as trustees of a family trust) | 0.43%                          | 0.48%   |
| Nicola Kate Gibson  | 0.89%                          | 0.99%   |
| Robyn May Gibson  | 6.37%                          | 7.06%   |
| Robyn May Gibson, Douglas Keith Gibson and Ian Gary MacKegg (as trustees of a family trust)         | 1.62%                          | 1.80%   |
| Sarah Louise McLennan   | 0.89%                          | 0.99%   |
| Ruth Anne McKenzie  | 5.75%                          | 6.37%   |
| Christopher McKenzie  | 1.68%                          | 1.86%   |
| David McKenzie  | 1.67%                          | 1.84%   |
| John Allan McKenzie and Jennifer Mary McKenzie (as trustees of a family trust)                      | 0.93%                          | 1.03%   |
| John Allan McKenzie, Jennifer Mary McKenzie and Alberta Louise Helen McKenzie                       | 0.93%                          | 1.03%   |
| Aubrey Meredith Bloomfield  | 0.93%                          | 1.03%   |
| Sibyl Ella May Bloomfield   | 0.93%                          | 1.03%   |
| Christopher McKenzie and Sarah Louise McLennan (as trustees of the JR McKenzie Trust)               | 6.53%                          | 7.23%   |
| Christopher McKenzie and Sarah Louise McLennan (as trustees of the JR McKenzie Trust)               | 1.62%                          | 1.80%   |
| Nga Manu Trust (a charitable trust registered under the Charitable Trusts Act 1957)                 | 4.83%                          | 5.35%   |
| <b>Total</b>  | <b>37.93%</b>                  | <b>42.02%</b>   |

# **Rangatira Limited**

## **Independent Adviser's Report**

### **In Respect of the Proposed Continuation of the Company's Share Buyback Scheme**

*June 2017*

#### **Statement of Independence**

Simmons Corporate Finance Limited confirms that it:

- has no conflict of interest that could affect its ability to provide an unbiased report
- has no direct or indirect pecuniary or other interest in the proposed transaction considered in this report, including any success or contingency fee or remuneration, other than to receive the cash fee for providing this report.

Simmons Corporate Finance Limited has satisfied the Takeovers Panel, on the basis of the material provided to the Takeovers Panel, that it is independent under the Takeovers Code for the purposes of preparing this Independent Adviser's Report.

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## 1. Introduction

### 1.1 Background

Rangatira Limited (**Rangatira** or the **Company**) was incorporated on 14 December 1937 as Rangatira Pty Limited. It changed its name to Rangatira Limited on 13 November 1973.

Rangatira is an investment holding company with assets of approximately \$382 million as at 31 March 2017. It has built up a portfolio of local and international investments across a wide range of sectors. Rangatira has pursued a policy of private equity investment in small to medium sized New Zealand companies, complemented by holdings in a range of publicly listed New Zealand and Australian companies. Investments have been made taking a long term position in companies that are well founded and well managed with good growth potential.

Rangatira has 9 private equity investments:

- Auckland Packaging Company Limited (100%)
- Bio-Strategy Holdings Limited (70%)
- Hellers Limited (62.5%)
- Konnect NET Limited (17%)
- Magritek Holdings Limited (18%)
- New Zealand Pastures Limited (8.9%)
- Partners Group Holdings Limited (8%)
- Polynesian Spa Limited (51%)
- Rainbow's End Theme Park Limited (100%).

Rangatira has also invested in 3 managed funds – Movac Fund 3, Valar Ventures and Icon Ventures. The funds focus on early stage growth companies.

Rangatira also holds a portfolio of listed equities.

Approximately 51% of Rangatira's shares are held by the J R McKenzie Trust (the **Trust**) with other community and charitable organisations owning approximately 15% of the shares. The remainder of the shares are held by various individuals.

Rangatira's shares are traded on the Unlisted share trading platform (**Unlisted**) operated by Efficient Market Services Limited.

The Company's adjusted total equity (including the directors' assessment of the market value of the unlisted investments) was approximately \$230 million as at 31 March 2017.

Details of Rangatira, its investments and its recent annual reports can be found at its website [www.rangatira.co.nz](http://www.rangatira.co.nz).

## 1.2 Share Buyback Scheme

### 2014 Share Buyback

Rangatira announced on 28 November 2012 that it proposed to implement a share buyback scheme.

The Company's board of directors (the **Board**) resolved on 9 June 2014 that Rangatira would buy back up to an aggregate of 600,000 A Shares (the shares that carry full voting rights) and 600,000 B Shares (the shares that carry restricted voting rights) in accordance with section 60 of the Companies Act 1993 (the **Act**) and clause 8.1 of the Company's constitution (the **2014 Share Buyback**).

Consideration for each share would be equal to a maximum of 80% of the assessed asset backing value of each share as set out in the last public announcement of that assessed asset backing value made by the Company prior to the 2014 Share Buyback.

The 2014 Share Buyback was approved by the Company's shareholders at Rangatira's annual meeting on 4 August 2014 and has been in effect for the 3 year period between 4 August 2014 and 4 August 2017.

Rangatira has not bought back any A Shares or B Shares since the 2014 Share Buyback commenced, notwithstanding that it has had active bids on Unlisted.

### 2017 Share Buyback

The Company intends to continue the share buyback scheme for a further 5 years.

The Board resolved on 29 May 2017 that Rangatira will buy back up to an aggregate of 600,000 A Shares and 600,000 B Shares in accordance with section 60 of the Act and clause 8.1 of the Company's constitution (the **2017 Share Buyback**).

Consideration for each share will be equal to a maximum of 80% of the assessed asset backing value of each share as set out in the last public announcement of that assessed asset backing value made by the Company prior to the 2017 Share Buyback.

## 1.3 Code Shareholders

Sarah McLennan and various other members of the Gibson family together hold 12.14% of the A Shares in Rangatira. Sarah McLennan is also a personal trustee of the Trust. The personal trustees of the Trust hold shares in the Company on trust for the Trust. As a personal trustee of the Trust, Sarah McLennan has influence over the voting of the 8.15% of the A Shares held by the personal trustees of the Trust. The Gibson family's shareholdings combined with the shareholdings of the personal trustees of the Trust make up more than 20% of the voting rights in Rangatira.

The McKenzie family and the Gibson family have a long standing family relationship. Therefore, any member of the McKenzie family may (on a conservative basis) be considered to be an associate of the Gibson family for the purposes of the Takeovers Code (the **Code**). The McKenzie family and the Gibson family have agreed for the purposes of seeking shareholder approval of the 2017 Share Buyback that each member of the McKenzie family will be treated as an associate of the Gibson family.

We refer to Sarah McLennan, the Gibson family, the Trust, the Trust's trustees and the McKenzie family collectively as the **Code Shareholders**. The Code Shareholders collectively control 2,338,617 A Shares, representing 37.93% of the voting rights in the Company.

If the Code Shareholders do not participate in the 2017 Share Buyback, then any shares that the Company buys back from other shareholders (the **Non-associated Shareholders**) and which are then either held as treasury shares or cancelled will result in an increase in the Code Shareholders' level of voting rights in the Company.

Depending on the number of A Shares bought back, the 2017 Share Buyback will result in the Code Shareholders' holding A Shares (and therefore voting rights) in the Company of between:

- 37.93% - assuming no A Shares are bought back
- 42.02% - assuming the maximum 600,000 A Shares are bought back from Non-associated Shareholders.

## 1.4 Regulatory Requirements

Rule 6 of the Takeovers Code (the **Code**) prohibits:

- a person and that person's associates who hold or control less than 20% of the voting rights in a code company from increasing their control of voting rights beyond 20%
- a person and that person's associates holding or controlling 20% or more of the voting rights in a code company from increasing their control of voting rights

unless the person and that person's associates comply with exceptions to this fundamental rule.

When a company buys back its shares, the percentage holding of any shareholder that does not participate in the buyback will increase. Consequently, if a company with a shareholder controlling 20% or more of its voting rights wishes to undertake a share buyback, it needs to rely upon an exemption to the Code.

The 2017 Share Buyback could result in the Code Shareholders increasing their collective A shareholding (and therefore voting rights) in the Company from 37.93% to a maximum of 42.02%, depending on the number of A Shares bought back under the 2017 Share Buyback and the extent to which the Code Shareholders participate in the 2017 Share Buyback.

The Takeovers Panel has, pursuant to the Takeovers Code (Rangatira Limited) Exemption Notice 2017 (the **2017 Exemption Notice**), granted the Code Shareholders an exemption from the Code in respect of retaining any increases in their voting control over the Company as a consequence of the 2017 Share Buyback.

A proviso of the 2017 Exemption Notice is that the 2017 Share Buyback be approved by ordinary resolution of the Company's shareholders.

Accordingly, the Non-associated Shareholders will vote on an ordinary resolution at the Company's annual meeting on 31 July 2017 in respect of the 2017 Share Buyback (resolution 4 – the Share Buyback Resolution) so that the Code Shareholders do not have to sell down their A Shares.

The Code Shareholders are not permitted to vote on the Share Buyback Resolution.



The notice of meeting containing the Share Buyback Resolution must contain or be accompanied by an Independent Adviser's Report that complies with Rule 18 of the Code.

### 1.5 Purpose of the Report

The Board has engaged Simmons Corporate Finance Limited (**Simmons Corporate Finance**) to prepare an Independent Adviser's Report on the merits of the 2017 Share Buyback and of the Code Shareholders retaining any increase in their voting rights in the Company.

Simmons Corporate Finance was approved by the Takeovers Panel on 21 March 2017 to prepare the Independent Adviser's Report.

Simmons Corporate Finance issues this Independent Adviser's Report to the Board for the benefit of the Non-associated Shareholders and to assist them in forming their own opinion on voting on the Share Buyback Resolution.

We note that each shareholder's circumstances and objectives are unique. Accordingly, it is not possible to report on the merits of the 2017 Share Buyback and of the Code Shareholders retaining any increase in their voting rights in relation to each shareholder. Our advice and opinions are necessarily general in nature.

This Independent Adviser's Report is not to be used for any other purpose without our prior written consent.

## 2. Evaluation of the Merits of the 2017 Share Buyback

### 2.1 Basis of Evaluation

An evaluation is required of the merits of the 2017 Share Buyback and of the Code Shareholders retaining any increase in their voting rights in the Company, having regard to the interests of the Non-associated Shareholders.

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

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

- the Takeovers Panel *Guidance Note on Independent Advisers and the Takeovers Code* dated 11 October 2016
- 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 2017 Share Buyback and of the Code Shareholders retaining any increase in their voting rights in the Company should focus on:

- the rationale for the 2017 Share Buyback
- the terms and conditions of the 2017 Share Buyback
- the financial impact of the 2017 Share Buyback
- the impact of the 2017 Share Buyback on the control of the Company
- the impact of the 2017 Share Buyback on Rangatira's share price
- the benefits and disadvantages to the Non-associated Shareholders of the 2017 Share Buyback
- the implications if the Share Buyback Resolution is not approved.

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 Summary of the Evaluation of the Merits of the 2017 Share Buyback

**In our opinion, after having regard to all relevant factors, the positive aspects of the 2017 Share Buyback outweigh the negative aspects of the Code Shareholders retaining any increase in their voting rights as a result of the 2017 Share Buyback from the perspective of the Non-associated Shareholders.**

Our evaluation of the merits is set out in detail in sections 2.3 to 2.9. In summary, the key factors leading to our opinion are:

- the rationale for the 2017 Share Buyback is sound. It is a continuation of the Company's share buyback scheme that the Non-associated Shareholders approved on 4 August 2014. It is an efficient use of capital and may increase liquidity in the Company's shares
- any shares bought back will be bought at a price equal to a maximum of 80% of the assessed asset backing value of each share as assessed by the Board. The Company's shares have generally traded at prices slightly below and above 80% of the assessed asset backing value
- the financial impact of the 2017 Share Buyback is relatively minor. Total equity and cash will reduce by approximately \$12 million if the maximum 600,000 A Shares and 600,000 B Shares are bought back and the assessed asset backing value per share will increase by 1.4% as the 2017 Share Buyback will be undertaken at a discount to the asset backing value
- the 2017 Share Buyback will not increase the Code Shareholders' ability to influence the outcome of shareholder voting to any significant degree. At most, their collective voting rights will increase by 4.09% to 42.02%
- the impact of the 2017 Share Buyback on Rangatira's share price will most likely be positive
- the 2017 Share Buyback will likely improve the liquidity of the Company's shares over the period of the 2017 Share Buyback but may reduce the liquidity of the Company's shares after the 2017 Share Buyback is completed
- the 2017 Share Buyback is unlikely to reduce the attraction of Rangatira as a takeover target
- the implication of the Share Buyback Resolution not being approved is that the 2017 Share Buyback would not proceed. The Board could subsequently decide to implement the 2017 Share Buyback without seeking shareholder approval but the Code Shareholders would be required to sell down their shareholdings to return their percentage holdings to pre-buyback levels within 6 months of the increases. This may place downward pressure on the Company's share price and / or may reduce the Board's inclination to undertake buybacks.

## 2.3 Rationale for the 2017 Share Buyback

### *Board's Rationale*

The 2017 Share Buyback represents a continuation of the Company's share buyback scheme. The 2014 Share Buyback was approved by the Non-associated Shareholders on 4 August 2014.

The Board has long been conscious of the very infrequent trading in Rangatira's shares and the considerable discount in prices bid compared with the assessed asset backing.

The Board considers the continuation of the Company's share buyback scheme through the 2017 Share Buyback to be in the best interests of the Company and its shareholders as:

- the consideration payable by the Company for the shares under the 2017 Share Buyback will be less than the assessed asset backing value of those shares at the time of the buyback
- acquiring shares where the share price is less than the assessed asset backing value of those shares is considered to be an efficient use of capital
- shareholders have total discretion to choose whether to participate in the 2017 Share Buyback so they can decide whether to take some or all of their investment back in the form of cash or continue to hold their shares
- the 2017 Share Buyback may increase liquidity in the Company's shares.

### *Finance Theory*

The benefits of share buybacks have long been the focus of academic research and practitioners' debate. It is generally accepted that share buybacks can affect value as follows:

- by supporting the share price
- by being an efficient use of capital
- by creating a more efficient capital structure.

In reality however the impacts can be difficult to quantify.

### *Supporting the Share Price*

There is some evidence to suggest that a share buyback has a signalling effect to the market. A share buyback could indicate to the market that a company's management is so confident of the company's prospects that it believes the best investment the company can make is in its own shares. On the other hand, the announcement of a share buyback has in instances been deemed an admission that the company cannot identify any other value creating opportunities in which to invest its capital.

A share buyback can also act to support a company's share price by creating buy-side demand.

### *Efficient use of Capital*

Companies often undertake share buybacks when they are of the view that the market is undervaluing their shares, therefore buying back those shares at the market price is an efficient use of the company's capital.

### *Capital Structure*

The share buyback is effectively an exchange of equity for debt, thereby increasing a company's leverage. In finance theory, increasing leverage can provide several benefits, such as:

- interest payments on debt are tax deductible, which means that the after-tax cost of debt is generally below shareholders' expected return on equity, hence reducing the company's average cost of capital
- debt supposedly serves as a discipline for a company's managers. Unlike equity, the need to pay cash to bondholders and banks prevents managers from investing in projects that earn returns below the company's cost of capital.

### *Conclusion*

Having considered all of the above, we are of the view that the rationale for the 2017 Share Buyback is sound.

## **2.4 Terms of the 2017 Share Buyback**

The key terms of the 2017 Share Buyback are:

- the Company intends to acquire up to an aggregate of:
  - 600,000 A Shares, being 9.73% of the A Shares currently on issue
  - 600,000 B Shares, being 5.20% of the B Shares currently on issue
- the consideration for each share will be equal to a maximum of 80% of the assessed asset backing value of each share as set out in the last public announcement of that assessed asset backing value made by Rangatira prior to the 2017 Share Buyback offer
- the 2017 Share Buyback offer(s) will be made between 31 July 2017 and 31 July 2022. However, the Company will not be obliged to make offers and may cease doing so at any time
- each share acquired under the 2017 Share Buyback, up to 5% of the number of shares of the same class previously issued by Rangatira, will be held by the Company as treasury shares.

We consider the terms of the 2017 Share Buyback to be in line with normal commercial terms for a transaction of this nature, other than in respect of the buyback price. The price at which the shares will be bought back will not be based on the prevailing market price but based on a discount to the assessed asset backing value.

An analysis of the Company's share trading is set out in section 2.7:

- the A Shares last traded on 2 June 2017 at \$10.50, representing 81% of the assessed asset backing value of \$12.99. Since 3 January 2014, the A Shares have traded at between 76% and 93% of the assessed asset backing value
- the B Shares last traded on 2 June 2017 at \$10.30, representing 79% of the assessed asset backing value of \$12.99. Since 3 January 2014, the B Shares have traded at between 72% and 87% of the assessed asset backing value.

The proposed consideration of a maximum of 80% of the assessed asset backing value is within the range in which the shares have traded in recent times.

## **2.5 Financial Impact of the 2017 Share Buyback**

Rangatira's adjusted total equity (including the Board's assessment of the market value of the Company's unlisted investments) as at 31 March 2017 was approximately \$230 million, which equated to \$12.99 per share as at that date.

Assuming the 2017 Share Buyback offer is at \$10.39 per share (being the maximum 80% of the current \$12.99 assessed asset backing), the buyback of the maximum 600,000 A Shares and 600,000 B Shares will require a cash outlay of approximately \$12 million.

For illustrative purposes, using the Company's 31 March 2017 financial position and assuming the maximum 600,000 A Shares and 600,000 B Shares are bought back and cancelled, this will result in adjusted total equity reducing from approximately \$230 million to approximately \$218 million and adjusted equity per share increasing by 1.4% from \$12.99 to \$13.17.

## **2.6 Impact on Control**

### ***Capital Structure and Shareholders***

Rangatira currently has 6,165,000 A Shares and 11,547,000 B Shares on issue. All the shares are fully paid.

The A Shares and B Shares rank equally, except that the B Shares carry restricted voting rights. These are restricted to voting on proposals to:

- sell the whole of the Company's undertaking
- alter its constitution.

The B shareholders are not entitled to participate in future cash issues unless the A shareholders agree.

The 6,165,000 A Shares are held by 198 shareholders and the 11,547,000 B Shares are held by 160 shareholders.

The names, number of shares and percentage holding of the 10 largest holders of A Shares and B Shares as at 10 March 2017 are set out below.

| Rangatira's 10 Largest Shareholders                    |                      |         |
|--|----------------------|---------|
| A Shareholder  | No. of A Shares Held | %       |
| Emetine International Limited (Emetine)                | 872,674              | 14.16%  |
| The Trust  | 402,481              | 6.53%   |
| Robyn Gibson   | 392,912              | 6.37%   |
| Ruth McKenzie  | 354,744              | 5.75%   |
| Forsyth Barr Custodians Limited                        | 350,250              | 5.68%   |
| Nga Manu Trust   | 298,000              | 4.83%   |
| William Fletcher, Fay Fletcher and Mark Paget          | 180,000              | 2.92%   |
| Joy Heke   | 162,763              | 2.64%   |
| Michael Gee-Taylor, Annette Gee-Taylor and Lloyd Evans | 156,100              | 2.53%   |
| Joy Heke, Tony Laird and William MacDonald             | 154,437              | 2.51%   |
| Subtotal   | 3,324,361            | 53.92%  |
| Others (188 shareholders)                              | 2,840,639            | 46.08%  |
| Total A Shares   | 6,165,000            | 100.00% |
| B Shareholder  | No. of B Shares Held | %       |
| The Trust  | 8,698,975            | 75.34%  |
| Outward Bound Trust of New Zealand Foundation          | 237,500              | 2.06%   |
| J R McKenzie Youth Education Fund                      | 231,900              | 2.01%   |
| Te Omanga Hospice Trust                                | 172,500              | 1.49%   |
| Emetine  | 130,100              | 1.13%   |
| Seabrook McKenzie Trust Incorporated                   | 130,000              | 1.13%   |
| McKenzie Centre Trust Incorporated                     | 115,000              | 1.00%   |
| National Foundation for the Deaf Incorporated          | 100,000              | 0.87%   |
| Birthingright New Zealand Incorporated                 | 95,250               | 0.82%   |
| New Zealand Society for Music Therapy Incorporated     | 81,500               | 0.71%   |
| Subtotal   | 9,992,725            | 86.54%  |
| Others (150 shareholders)                              | 1,554,275            | 13.46%  |
| Total B Shares   | 11,547,000           | 100.00% |

Source: Rangatira

The Code Shareholders collectively hold:

- 2,338,617 A Shares, representing 37.93% of the total A Shares
- 8,802,225 B Shares, representing 76.23% of the total B Shares.

### Shareholder Voting

Any A shareholder that does not participate in the 2017 Share Buyback will see an increase in their respective percentage of votes held or controlled, even though they will not increase the actual number of A Shares they hold.

If the Code Shareholders do not participate in the 2017 Share Buyback, then the 2017 Share Buyback will result in the Code Shareholders holding between 37.93% and 42.02% of the Company's voting rights in the Company, depending on the number of A Shares bought back from the Non-associated Shareholders and assuming no other A Shares are issued during this time.

The impact of the increase in the Code Shareholders' collective control of voting rights from 37.93% to a maximum of 42.02% will not be significant on shareholder voting.

Assuming that the Code Shareholders vote in unison as one block of shares (which may not necessarily be the case), then they currently hold a strategic shareholding with the ability to block special resolutions (which require the approval of 75% of the votes cast by shareholders) and influence the outcome of ordinary resolutions (which require the approval of more than 50% of the votes cast by shareholders).

Under the Act, a special resolution is required to:

- adopt, alter or revoke a company's constitution
- approve a major transaction
- approve an amalgamation of a company
- place a company in liquidation.

While a 37.93% interest in the A Shares is technically not sufficient to control the outcome of an ordinary resolution, in reality, it probably is in a widely-held company with 198 A shareholders (as Rangatira currently has). This is because a number of shareholders in widely-held companies tend not to vote on resolutions and hence the relative weight of the 37.93% interest increases.

The increase in the level of voting rights from 37.93% to a maximum of 42.02% will not change the Code Shareholders' ability to block a special resolution. It will however increase their ability to control the outcome of an ordinary resolution to some degree. However, it cannot be assumed as a certainty that the Code Shareholders would vote in unison as one block of shares.

The ability for any shareholder to influence the outcome of voting on the Company's special resolutions or ordinary resolutions may be reduced by external factors such as the Company's constitution and the Act.

### **Board of Directors**

The directors of Rangatira are:

- Keith Gibson, deputy chair
- Lindsay Gillanders
- Sophie Haslem
- Sam Knowles
- David Pilkington, chair
- Richard Wilks.

We are advised by the Board that the approval of the 2017 Share Buyback will not have any impact on the level of control of the Board by the Code Shareholders.

### **Operations**

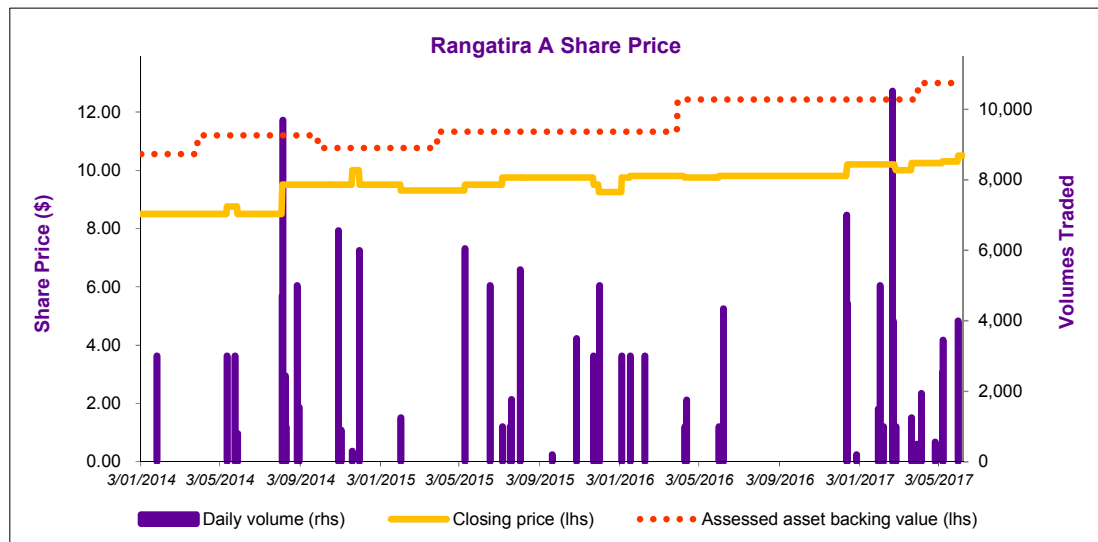
We are advised by the Board that the 2017 Share Buyback will not have any impact on the level of influence of the Code Shareholders over the Company's operations.



## 2.7 Impact on Share Price and Liquidity

### Share Price

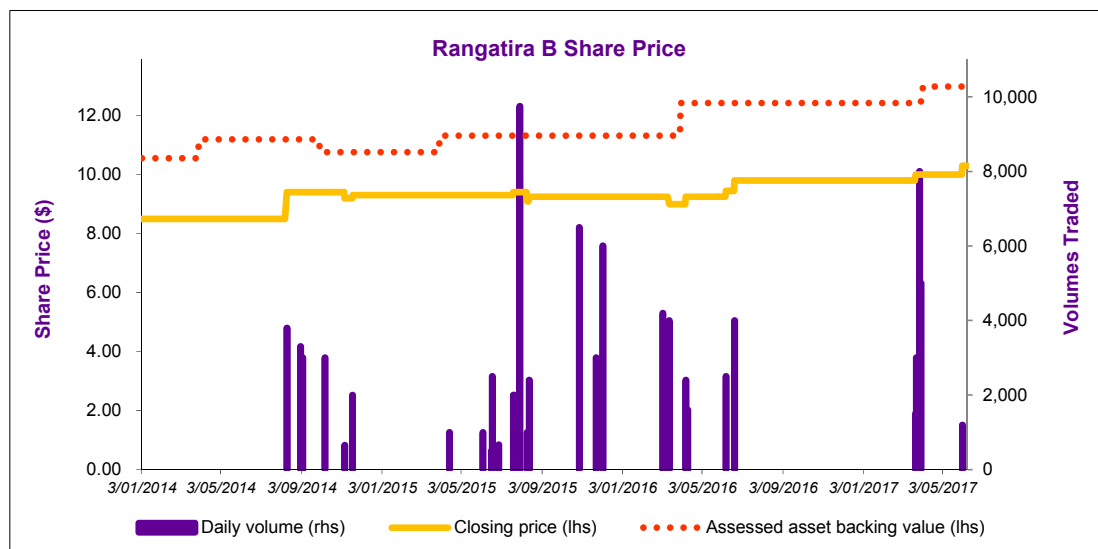
Set out below is a summary of Rangatira's daily closing share price and daily volumes of A Shares and B Shares traded from 3 January 2014 to 9 June 2017 on Unlisted.



Source: Unlisted

During the period, 148,524 A Shares have traded between \$8.50 and \$10.50 at a volume weighted average share price (VWAP) of \$9.72.

The A Share prices have ranged between 76% and 93% of the assessed asset backing value.



Source: Unlisted

During the period, 93,466 B Shares have traded between \$8.50 and \$10.30 at a VWAP of \$9.47.

The B Share prices have ranged between 72% and 87% of the assessed asset backing value.

## Liquidity

Trading in the Company's shares is extremely thin, reflecting that approximately 38% of the A Shares and 76% of the B Shares are held by the Code Shareholders.

An analysis of VWAP, traded volumes and liquidity (measured as traded volumes as a percentage of total shares outstanding) up to 9 June 2017 is set out below.

| Rangatira Share Trading to 9 June 2017 |           |            |            |                  |           |
|--|-----------|------------|------------|------------------|-----------|
| Period                                 | Low<br>\$ | High<br>\$ | VWAP<br>\$ | Volume<br>Traded | Liquidity |
| <b>A Shares</b>                        |           |            |            |                  |           |
| 1 month                                | 10.30     | 10.50      | 10.41      | 7,450            | 0.1%      |
| 3 months                               | 10.00     | 10.50      | 10.34      | 14,250           | 0.2%      |
| 6 months                               | 9.80      | 10.50      | 10.21      | 49,270           | 0.8%      |
| 12 months                              | 9.80      | 10.50      | 10.21      | 49,270           | 0.8%      |
| <b>B Shares</b>                        |           |            |            |                  |           |
| 1 month                                | 10.00     | 10.30      | 10.30      | 1,200            | 0.0%      |
| 3 months                               | 9.80      | 10.30      | 10.02      | 18,500           | 0.2%      |
| 6 months                               | 9.80      | 10.30      | 10.02      | 18,500           | 0.2%      |
| 12 months                              | 9.45      | 10.30      | 9.98       | 22,700           | 0.2%      |
| <i>Source: Unlisted</i>                |           |            |            |                  |           |

If Rangatira undertakes the 2017 Share Buyback to the maximum extent, it will repurchase 600,000 A Shares, representing 9.73% of the total A Shares currently on issue and 600,000 B Shares, representing 5.20% of the total B Shares on issue.

Only 0.8% of the A Shares and 0.2% of the B Shares traded in the past year. If the 2017 Share Buyback is undertaken to the maximum extent, it will significantly exceed the level of trading in Rangatira shares and thus will greatly improve the liquidity of the Company's shares over the period of the 2017 Share Buyback.

However, the 2017 Share Buyback will reduce the free float (ie those shares held by the Non-associated Shareholders and available to be freely traded) by up to 600,000 A Shares (representing approximately 16% of the A Shares free float) and up to 600,000 B Shares (representing approximately 22% of the B Shares free float). Accordingly, whilst the 2017 Share Buyback will provide some short term liquidity in the form of buy-side demand, in the longer term, the liquidity of Rangatira's shares may reduce.

## 2.8 Benefits and Disadvantages to Non-associated Shareholders

### Key Benefits

The key benefits to the Non-associated Shareholders of the 2017 Share Buyback are that it provides the Board with a capital management tool and that it will likely increase the liquidity of the Company's shares over the period of the 2017 Share Buyback.

There is no compulsion for Non-associated Shareholders to accept the 2017 Share Buyback offer. Acceptance of the offer is at their discretion. However, if Non-associated Shareholders wish to sell some or all of their investment in Rangatira, then the 2017 Share Buyback may provide an opportunity to realise a price that is higher than could otherwise be realised by selling their shares on Unlisted.

### ***Main Disadvantage***

The main disadvantage is that the 2017 Share Buyback may increase the Code Shareholders' collective voting rights in the Company from 37.93% to up to 42.02%, thereby increasing the Code Shareholders' ability to control the outcome of shareholder voting to some degree. However, we do not consider this level of increase to be significant.

### ***Unlikely to Change the Likelihood of a Takeover Offer from the Code Shareholders***

As long as the Code Shareholders hold more than 20% and not more than 50% of the voting rights in the Company, they cannot increase the level of their shareholding unless they comply with the provisions of the Code. They will only be able to increase their level of voting rights in the Company if:

- they make a full or partial takeover offer or
- a share acquisition is approved by way of an ordinary resolution of the Non-associated Shareholders or
- the Company makes an allotment of shares which is approved by way of an ordinary resolution of the Non-associated Shareholders.

The Code Shareholders are seeking shareholder approval to increase their collective voting rights from 37.93% to up to 42.02% under the 2017 Share Buyback. Assuming the 2017 Share Buyback is approved, the Code Shareholders will not be able to increase their shareholding beyond 42.02% unless they comply with the provisions of the Code.

We are not aware of any intention on the Code Shareholders' part to make a takeover offer. However, if they did have such intent, an increase in their collective voting rights from 37.93% to up to 42.02% is unlikely to reduce the likelihood of a takeover offer for the Company as the increase in the level of voting rights is not significant.

### ***Likelihood of Other Takeover Offers Does not Change***

Any bidder looking to fully take over the Company would need to ensure that the Code Shareholders would accept its offer, irrespective of whether they collectively controlled 37.93% or 42.02% of the voting rights in the Company.

In the event that a bidder made a partial takeover offer for (say) 50.1% of the Company, the increase in the Code Shareholders' control of voting rights to up to 42.02% would technically still be insufficient to prevent a successful partial takeover at that level of control.

However, the bidder would most likely need to ensure that the Code Shareholders would accept its offer (or at least accept the offer in respect of some of their shares), irrespective of whether they collectively controlled 37.93% or 42.02% of the voting rights in the Company, so as to ensure the success of the offer.

In our view, the increase in the Code Shareholders' collective voting rights from 37.93% to up to 42.02% is unlikely to reduce the attraction of Rangatira as a takeover target to other parties.

## **2.9 Implications of the Share Buyback Resolution not Being Approved**

In the event that the Share Buyback Resolution is not approved, then the 2017 Share Buyback will not proceed. The Board could decide at a later date to implement the 2017 Share Buyback without seeking shareholder approval, in which case the Code Shareholders would be required to sell down their A shareholdings to return their percentage holdings to pre-buyback levels within 6 months of any increase in their control of voting rights in the Company.

Such a scenario is potentially disadvantageous to Non-associated Shareholders as:

- it may lead the Board to reconsider the degree to which it undertakes buybacks and hence reduce the ability for Non-associated Shareholders to sell their shares
- the forced sale of shares by the Code Shareholders may place downward pressure on the Company's share price.

## **2.10 Voting on the Share Buyback Resolution**

Voting on the Share Buyback Resolution is a matter for individual shareholders based on their own views as to value and future market conditions, risk profile and other factors. Shareholders will need to consider these consequences and consult their own professional adviser if appropriate.

### **3. Sources of Information, Reliance on Information, Disclaimer and Indemnity**

#### **3.1 Sources of Information**

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

- the draft notice of annual meeting
- the 2017 Exemption Notice
- the Rangatira annual reports for the years ended 31 March, 2014 to 2016
- the Rangatira half year report for the 6 months ended 30 September 2016
- extracts from the Board minutes dated 29 May 2017 in respect of the 2017 Share Buyback
- shareholder data from Rangatira
- share price data from Unlisted.

During the course of preparing this report, we have had discussions with and / or received information from the Board and executive management of Rangatira and Rangatira's legal advisers.

The Board has confirmed that we have been provided for the purpose of this Independent Adviser's Report with all information relevant to the 2017 Share Buyback that is known to them and that all the information 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 desirable for the purpose of preparing this Independent Adviser's Report.

In our opinion, the information to be provided by Rangatira to the Non-associated Shareholders is sufficient to enable the Board and the Non-associated Shareholders to understand all the relevant factors and to make an informed decision in respect of the 2017 Share Buyback.

#### **3.2 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 Rangatira 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 Rangatira. We do not warrant that our enquiries would reveal any matter which an audit, due diligence review or extensive examination might disclose.

### 3.3 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 Rangatira 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 Rangatira 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.

We have had no involvement in the preparation of the notice of annual meeting issued by Rangatira and have not verified or approved the contents of the notice of annual meeting. We do not accept any responsibility for the contents of the notice of annual meeting except for this report.

### 3.4 Indemnity

Rangatira 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 the report. This indemnity does not apply in respect of any negligence, wilful misconduct or breach of law. Rangatira 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 or term of reference, Simmons Corporate Finance shall reimburse such costs.

## **4. Qualifications and Expertise, Independence, Declarations and Consents**

### **4.1 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.

### **4.2 Independence**

Simmons Corporate Finance does not have at the date of this report, and has not had, any shareholding in or other relationship with Rangatira or the Code Shareholders or any conflicts of interest that could affect our ability to provide an unbiased opinion in relation to the 2017 Share Buyback.

Simmons Corporate Finance has not had any part in the formulation of the 2017 Share Buyback 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 voting in respect of the Share Buyback Resolution. We will receive no other benefit from the preparation of this report.

### **4.3 Declarations**

An advance draft of this report was provided to the Board for its 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.

### **4.4 Consents**

We consent to the issuing of this report in the form and context in which it is to be included in the notice of annual meeting to be sent to Rangatira'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**  
9 June 2017