



SHAREHOLDER DAY
MAY 2019



Agenda

- Introduction
- Company update
- Our Investment Approach
 - Asset Classes
 - Asset Allocation
 - Expected Returns and Benchmarks
- Private Investments
- Listed Investments
- Company Structure and Shareholder Issues
- Questions

New Directors



Cathy Quinn is one of New Zealand's foremost commercial and corporate lawyers with significant expertise in governance, capital markets, mergers and acquisitions and private equity

In 2016, Cathy was made an Officer of the New Zealand Order of Merit (ONZM) for her services to law and women. Cathy is also a director of Fletcher Building Limited, Tourism Holdings Limited, a board member of the New Zealand Treasury, the NZ China Council and a senior corporate partner at MinterEllisonRudd Watts

Cathy was appointed to the Board in March 2019



David Gibson has a Bachelor of Laws and a Bachelor of Commerce from the University of Canterbury and over 20 years' investment banking experience, mainly in corporate finance, including leading the investment banking team at Deutsche Bank and Deutsche Craig's in New Zealand

With experience across multiple sectors, he has advised on many of this country's largest capital market transactions across a broad range of sectors. David is also on the board of NZX listed NZME and Diocesan School in Auckland

David was appointed to the Board in March 2019

Company Update

- Completed Heller's investment in Moira Mac and successfully sold our position in Heller's in Q4 2019, maintaining the stake in the Christchurch property
- Reset and increased our Listed Equity portfolio, this included appointing an External Manager to manage some of our International Equity portfolio
- Increased our stake in Magritek
- Expect to complete one more small investment in June
- As at September our net asset value was \$14.72 per share, after full year dividend of 60 cents for 2018 (4.0% of NAV)
- Added new staff- Chris Westbury, Kurt Purdon and Ali Brown – total of 4.5 FTE

Our Team



Chris Westbury, Kurt Purdon, Mark Dossor, Chris Bradshaw

Rangatira Objectives

- To grow its equity through growth in the returns from its investments
- To provide a steady and increasing dividend flow without depleting equity
- Partner with the best business leaders to grow New Zealand businesses
- Extend the legacy of JR McKenzie

Asset Classes

Private Investments

NZ businesses with revenue of at least \$10m and in which Rangatira has sufficient shareholding to actively participate in the strategic direction of the company. Investments size of \$10m to \$30m.

Early stage growth companies or funds. These are higher risk and return investments and include managed funds that invest in the category. Each initial investment up to \$5m.

Property

Either agriculturally based assets or direct property. This is to generate a risk adjusted CPI based return and to get exposure to New Zealand's property and agricultural sectors.

Listed investments

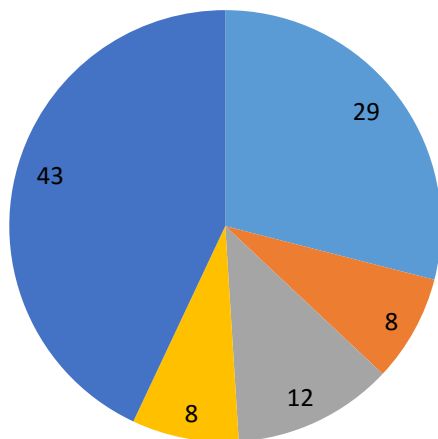
Listed investments - Large well managed companies, well positioned for long term growth and with good liquidity in their share trading. Over time all International shares will be managed externally. Investment target range of \$2m to \$10m.

Cash and Fixed Income

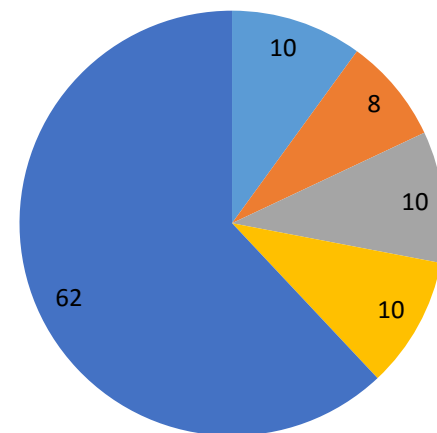
Held in major New Zealand Banks over a mix of maturities of up to 12 months.

Asset allocation

Current Portfolio %





Target Portfolio %



- Cash
- Property
- NZ Equities
- Global Equities
- Private Investments

Allocation Approach

	Companies	Current value	Expected return	New Investments over 1 to 3 years	Target value
Yield	  	\$45m	8 - 12% p.a.	1 to 2 investments totaling ~\$30m	\$75m
Growth	   	\$60m	12 - 20% p.a.	2 to 3 investments totaling ~\$40m	\$100m

Target returns and benchmarks

	Cash	Private Investments	Property	Listed Investments	Portfolio
Target return	2.5% pa	15% pa	10% pa	7% pa	Historical return has been ~10% pa Target 4% pa cash yield (currently 3.2% pa)
Benchmark	90-day bank bill rate	10% pa	NZX Real Estate + 1%	NZX50 + 1% MSCI +1%	Costs to be less than 1% p.a. (currently 0.8% pa)

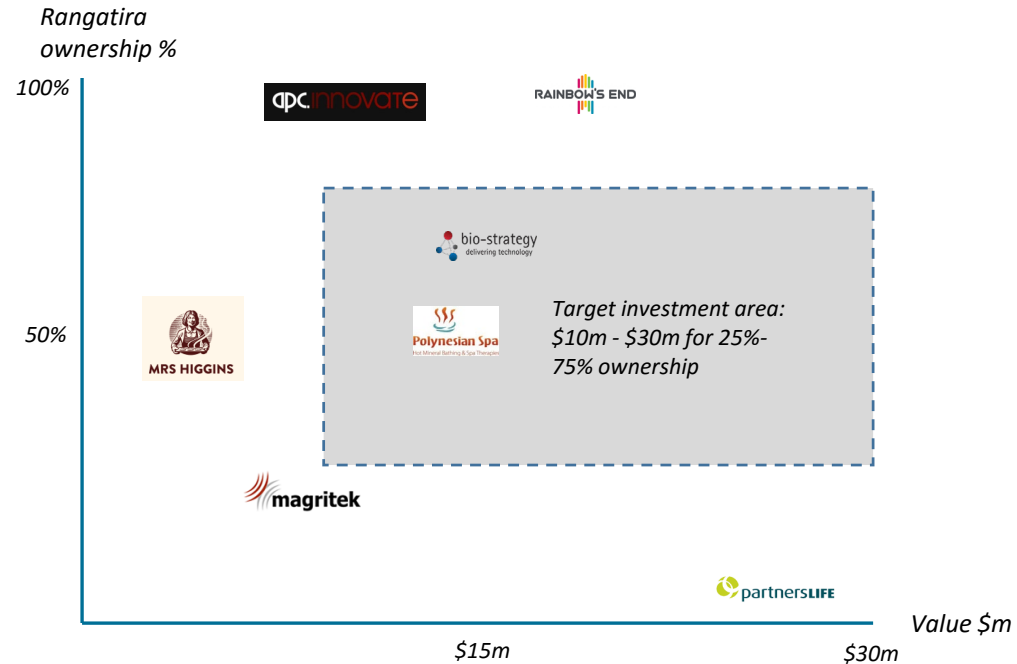
Target investments

Business Characteristics:

- Market leader
- Non-cyclical
- Strong alignment with management and owners
- High correlation with long term macro and demographic trends

Some sectors of interest:

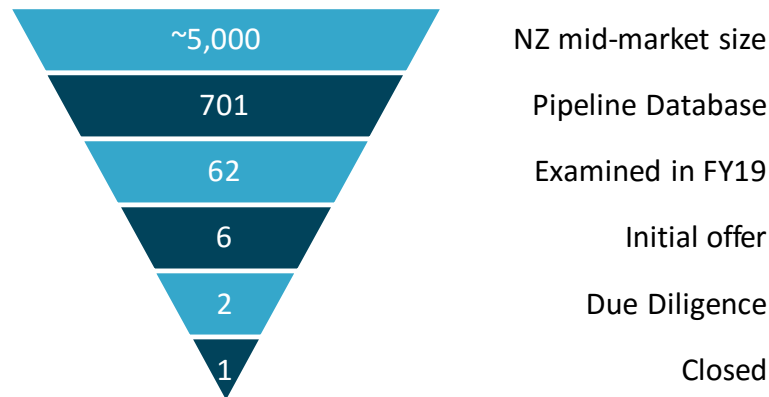
- Healthcare
- Logistics
- Food
- Financial services
- Tourism



Investment approach

- Permanent capital base and flexible investment criteria widens pool of opportunities – we don't have to recycle capital
- Form strong long term relationships with Business Owners
- Build expertise in the sectors and Companies which we invest and then grow through acquisition
- Rely on our proven track record of partnering successfully with Business Owners
- Try not to compete with traditional Private Equity








New Opportunities # of deals in FY19



Current private investment portfolio

Yield companies

Growth companies

							
Competition	High	Low	Med	Med	Med	Low	High
Scalability	✓	✓	✓	✓✓	✓✓✓	✓✓	✓✓✓
Expected value change FY2019	→	→	↓	→	→	↑	→
FY20 rev growth	+5%	+5%	+8%	+15%	+16%	+25%	+15%
Economic resilience	✓	✓	✓✓	✓✓	✓✓	✓✓	✓✓

- Founded in 2011, Partners Life is a New Zealand insurance company providing life, trauma, disability and medical insurance.
- Ownership is spread primarily amongst a number of institutional investors. In 2016, Blackstone invested \$200m for a 44% stake.
- Strong new business market share has been aided by developing strong relationships in the advisor network and banks retreating/divesting from the market.
- Annual premium income has grown from nil in 2011 to \$251m in FY18 – the company's written new business has averaged ~\$40m per year since founding.

Investment overview

Date of investment	2011-15
Rangatira shareholding	4.4%
Initial investment	\$13.6m
IRR since investment	11.3%

- Rainbow's End is a theme park situated in Manukau, acquired in 2013.
- The company has invested in numerous new attractions since that time to boost patronage.
- We expect some upside from new attractions.
- New CEO joined in March 2018.

Investment overview	
Date of investment	2013
Rangatira shareholding	100%
Initial investment	\$13.3m
IRR since investment	10.8%

- Bio Strategy is a specialist distributor of scientific instruments for the life and applied sciences industry, operating across NZ and Australia
- The acquisition of VWR and the implementation of an ERP system affected the 2018 and 2019 results
- The FY20 plan is to capitalise on the growth that the VWR acquisition offers, streamline cost base and increase sales in Australia
- Melbourne based CFO recruited in March
- Appointment of Melbourne based CEO is underway.

Investment overview

Date of investment	June 2015
Rangatira shareholding	70%
Initial investment	\$5.5m
IRR since investment	38%

- Our longest held asset, Polynesian Spa is a hot pool complex in Rotorua.
- Managing the changing mix and preferences of tourists
- The company is currently investigating reconfiguration of its land to expand its main pool area and to improve the premium offering of the retreat package.

Investment overview

Date of investment	1972
Rangatira shareholding	51%
Initial investment	\$41k
IRR since 2003	9.4%

- APC provides temporary and permanent merchandising displays and in store promotional communications
- Categories include healthcare, wine, food and beverage, confectionary, cosmetics, technology and other FMCG categories
- APC has a 6,000 sqm production facility, and provides design / concept development, prototyping, production and distribution services
- APC's key strengths are design, high levels of customer service and superior quality

Investment overview

Date of investment	1999
Rangatira shareholding	100%
Initial investment	\$4.6m
IRR since investment	12.2%

- Magritek designs, manufactures and sells benchtop Nuclear Magnetic Resonance (NMR) instruments that allow scientists and technicians to look at the molecular composition of materials.
- Based on science and intellectual property developed by Sir Paul Callaghan
- Manufacturing now transferred to Germany plant with sales offices in Asia and US.
- We are in the process of increasing our stake in Magritek to 25%.

Investment overview

Date of investment	July 2013
Rangatira shareholding	18%
Initial investment	\$4m
IRR since investment	10.1%

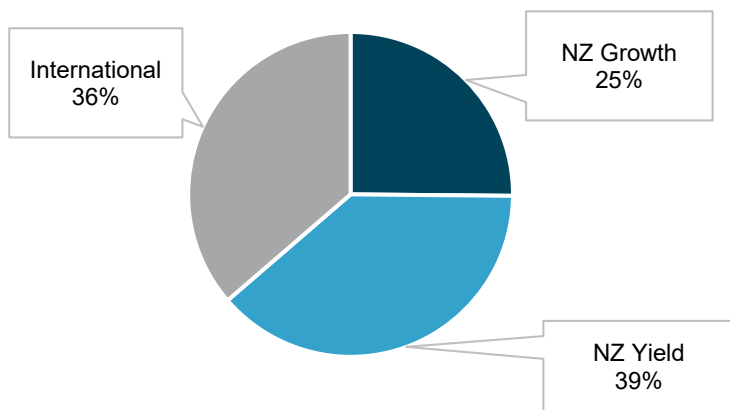


- Mrs Higgins is a baked goods manufacturer, specialising in cookies and slices
- Major sales channels include franchise stores, supermarkets, vending machines and QSRs (Quick Service Restaurants)
- In 2018, Mrs Higgins commissioned a new plant, increasing capacity. There were some “teething” issues with production quality issues- only partly resolved
- Earnings are expected to recover, with increased sales driven by supermarket and convenience (Route) growth

Investment overview

Date of investment	Dec 2017
Rangatira shareholding	50%
Initial investment	\$5.32m
IRR since investment	n/a

Listed Investments



Purpose

- To increase risk and return of the portfolio while re-deploying capital into private investments
- To gain exposure to sectors and geographies we cannot access through private investments

Portfolio split

- NZ Yield - Dividend stocks focused on low volatility, capital preservation and high dividend yield
- NZ Growth - stocks are largely blue chip, NZX50 stocks that may have lower dividend yield but long term capital growth is expected
- International - stocks to give global equity exposure – have selected a manager to run a portion of the international portfolio

Property



Domett Properties

- Heller's Kaipoi manufacturing plant, including three residential homes – leased to Heller's to 2029
- Vacant land adjacent to Heller's plant

New Zealand Pastures

- Portfolio of three large sheep and beef farms in Otago
- A partnership with Morrison and Co, ACC and Duxton
- Currently looking at ways to recapitalise or sell properties

Company Structure – Issues

- Lack of liquidity for shareholders
- Shareholder communication
- Charity shareholders loss of imputation credits
- Feedback



Q&A

