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UPDATE



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Long-term focus sees Rangatira celebrate milestone



Wellington investment company Rangatira Limited (Rangatira), which this year celebrates its 75th anniversary, has been an issuer on Unlisted since February 2004.

Sir John McKenzie established Rangatira in 1937 and the company's initial investment was in JR McKenzie Limited which, until 1980, operated the New Zealand-wide chain of "McKenzies" department stores.

Today, Rangatira has assets of over \$150 million and a portfolio of local and international investments across a wide range of sectors. Rangatira's directors have pursued a strategy of investing in small to medium sized private New Zealand companies, complemented by holdings in publicly listed New Zealand, Australian and international companies. Rangatira typically takes a long-term position in companies that are well founded and managed with good growth potential.

Earlier this year, Rangatira invested around \$5 million in three early stage high-growth ventures: online accounting software provider Xero, Valar Ventures and Movac's Fund 3 (The New Zealand Growth Fund).

The company's chief executive Ian Frame explains that while these three investments mark an extension of Rangatira's *investing in business for growth* strategy, they are consistent with the Rangatira's overall approach to risk management.

"All three companies are either New Zealand-based or plan to invest in New Zealand companies. Early stage investment is not unprecedented for Rangatira either; the company was a foundation investor in Rotorua's Polynesian Spa 40 years ago and undertook the initial development of the James Cook Hotel in Wellington."

Last year the company sold three investments it had held for many years: Dunlop Living, Tecpak and Te Kairanga Wines.

"Over the next 12 months and to replace those companies, we intend investing in up to three mid-sized companies with good growth opportunities that require additional capital to take them to the next stage. We have around \$30 million of funds to invest, either on our own or alongside like-minded investors, in companies that meet our investment criteria," says Ian Frame.

The company is strictly commercial in its investment approach and benchmarks its performance against the wider investment community.

Where Rangatira differs from many other 'private equity' investors is that it invests its own money and can therefore have a longer investment timetable. It also prefers to be a cornerstone investor, co-investing with existing business owners and management.

Rangatira's portfolio of private companies currently includes Auckland Packaging Company (since 1999, 100% owned); Contract Resources Holdings (since 2004, 50% owned); Greenfield Rural Opportunities (since 2008, 16% owned); Hellers (since 2004, 50% owned); Polynesian Spa (since 1972, 51% owned); and Precision Dispensing Systems (since 1999, 82% owned).

Murray Gough, Rangatira's chairman says, "The company's core investment strategy, *investing in business for growth*, has produced good and sustained returns over many years due to a diversified portfolio, conservative gearing and the active involvement of our Directors and management in the governance of the companies in which we invest."

Rangatira is 51% owned by the JR McKenzie Trust with other community and charitable organisations owning a further 15% of its

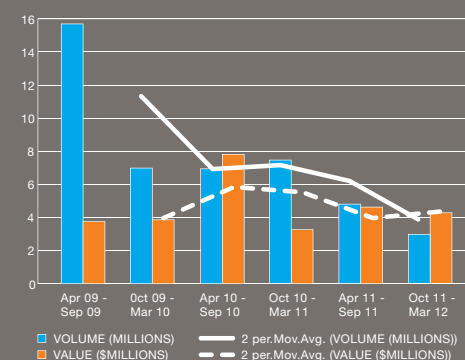
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Trading Review October 2011 - March 2012

TRADE SUMMARY

In the six months of trading from 1 October 2011 to 31 March 2012, Unlisted has facilitated 339 trades of 2.9 million shares worth \$4.2 million, at a monthly average of 57 trades of collectively 500k shares worth \$0.7 million. This compares with 360 trades, 4.8 million shares and \$4.6 million over the six month period to 30 September 2011, and 423 trades, 7.5 million shares and \$3.3 million over the six month period to 31 March 2011.

HALF YEARLY VOLUME AND VALUE COMPARISONS



Posting the most trades was Dorchester Property Trust at 77 trades (23% of all trades) followed by King Country Energy with 69 trades (20% of all trades). The highest value was traded by Skyline Enterprises worth \$1.4 million (34% of total value traded) followed by Rural Equities with a value traded of \$1.2 million (29% of total value traded).

During the six month period price movements were mixed. Silver Fern Farms gained 27 cents (43%) closing at \$0.90, King Country Energy increased 16% to \$3.61, Rural Equities rose 17 cents to \$3.27, Vehicle Inspection NZ gained 5 cents closing at \$1.55 and PharmaZen increased 1 cent (25%) closing at 5 cents.

Terra Vitae Vineyards declined 7% (2 cents), Bluesky Meats fell 15 cents to \$1.65, Rangatira (A Class) was down 2% to \$6.00 and ProTen fell 9% to 41 cents.

ISSUER ACTIVITY

Te Kairanga ceased trading on Unlisted after the sale of its assets and business. The directors of Kaimai Cheese requested quotation suspension as of 31 March 2012.

shares. The balance of the shares are held by private investors.

"We have no need for a full stock exchange listing, but require a service which allows buyers and sellers to post bids and offers; independently and at arms-length from our own management. Unlisted allows us to have a fully transparent, arms-length mechanism for pricing and trading our shares. It also provides an effective means of posting company announcements and disclosures in a timely manner. We have been fully satisfied with the efficient and cost effective service Unlisted has provided," Murray Gough said.

Communications strategy – building on the issuer profiles

by Bevan Wallace, Unlisted Chairman

Unlisted's release of issuer profiles has been positively received by market participants heightening interest in our issuers' securities as options for investment.

The profiles provide a brief description of an issuer's operations and an overview of recent financial performance and position. They also give an indication of the issuer's strategy and the success or otherwise of implementation to date. As such, they play an important role in an overall communications strategy designed to inform existing stakeholders and capture the interest of potential investors.

However, there is one proviso in that the role of the issuer profile is to give a perspective of the current situation, not the future. They do not, for example, necessarily signal changes in expectations for future performance, capital requirements, relevant risks, or all key factors influencing performance. The profiles are not intended therefore, to provide sufficient information to ensure that an issuer's securities are appropriately priced on the securities trading platform.

In the absence of comprehensive issuer disclosures, perceptions of risk and of liquidity will likely result in small minority parcels of securities trading at a discount to intrinsic

worth. Such discounts can be material with instances of discounts of 30 percent or more, not uncommon.

Issuers need to ensure that they have an effective communications strategy in place to ensure that risks are not exaggerated and that future prospects and ultimately performance expectations can be framed by existing and potential investors. With assurance that the required information is and will continue to be made available by the issuer, confidence in the underlying value of an issuer's securities will increase together with liquidity, reducing any discount to the perceived intrinsic worth. The reduced discount benefits not only investors in the issuer's securities but the issuer itself as it provides them with the opportunity to raise additional capital on terms referenced to a higher prevailing market value.

An issuer and its security-holders therefore have a lot to gain from an effective communications strategy. We consider the following to be key elements in an effective communications strategy:

- Clear articulation of operational and financial strategies and associated performance measures
- Identification of key issues and risks and associated management strategies
- Timely reporting of current operational and financial performance
- Availability of historical reports of operational and financial performance.

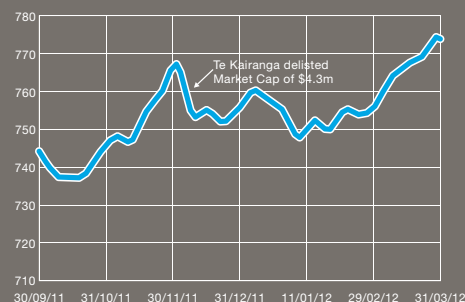
Of course there are commercial constraints on a communications strategy. Untimely or inappropriate disclosure of information can compromise a commercial strategy thereby undermining the intrinsic worth of an issuer's securities.

Unlisted therefore believes that an issuer should not be compelled to disclose information other than that required to comply with the Companies Act 1993 and the Financial Reporting Act 1993. We believe that an issuer should have sole discretion to determine whether or not additional disclosures of specific information should be made, after the issuer has considered whether or not such disclosure is to be in the interests of all security-holders generally.

MARKET METRICS

As at 31 March 2012 the aggregate market capitalization of all stocks was \$774 million (compared with \$744 million on 30 September 2011 and \$690 million on 31 March 2011).

UNLISTED WEIGHTED AVERAGE MARKET PRICE INDICATOR
1 OCT 2011 TO 31 MAR 2012



ISSUER PROFILES

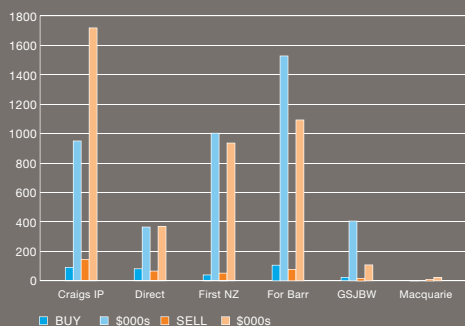
During the period in review Unlisted launched its issuer profiles, a new value added service for its issuers. The profiles include an overview of the issuer, its directors and top ten shareholders, summary financial results and high level performance analysis based on the financial results, dividends and security price movements.

15 of Unlisted's 17 issuers now have an issuer profile that can be accessed on Unlisted's website.

BROKER ACTIVITY

Forsyth Barr dominated buying activity by trades, in the six months to 31 March 2012, accounting for 30% or 103 trades worth \$1.52 million. Craigs IP was in second spot at 26% (87 trades worth \$945k) followed by Direct Broking at 23% (78 trades worth \$358k). Selling activity saw Craigs IP holding the top spot at 41% (138 trades worth \$1.71 million), followed by Forsyth Barr at 22% (75 trades worth \$1.09 million) and Direct Broking at 20% (66 trades worth \$367k).

BROKER ACTIVITY
1 OCT 2011 TO 31 MAR 2012



CONCLUSION

The number of trades, volume of shares traded and the value of shares traded for the six month period to 31 March 2012, were lower than the previous six month period. Price movements were mixed, however, overall, the market cap trended upward over the six months.

ISSUER FORUM

In late February Unlisted held an Issuer Forum in Wellington featuring presentations from Fronde Systems Group, Bluesky Meats and PharmaZen followed by a panel discussion on the Financial Markets Conduct Bill. The Forum, hosted by Deloitte, was well attended and attendees had the opportunity to hear from three quite different companies as well as start to gain insights into the new legislative environment. Unlisted is arranging the next Forum for later in the year and would welcome any feedback on topics or presenters.

LOOKING AHEAD

Unlisted continues to actively participate in the legislative process for the Financial Markets Conduct Bill and will look to its market participants for support of its position during the next phase of the process.

As always we continue to target prospective issuers across a range of sectors and as a new initiative Unlisted is looking at listing certain New Zealand Government stock issues. We are currently discussing this with the Debt Management Office.



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