

28 April 2017

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## **Bethunes Investments Limited**

### **Annual Result Commentary for the year ending 31 March 2017**

The Directors of Bethunes Investments Limited (BIL) report an audited loss of NZD222,249 for the year ending 31 March 2017 as the Company continues to embark on a new investment program.

The Company continued to receive payments from Mossgreen NZ inline with the sale and purchase agreement relating to the divestiture of Webb's in January 2016. The outstanding receivable amounts to NZ\$ 280,000 (at face value) as at the time of writing which is expected to be received quarterly until 31 December 2018.

Outside of the NZ Retail Property Group (NZRPG) Reverse Listing Transaction (announced to NZX on 9 March 2017 and discussed below), the Directors spent the past year investigating (with the assistance of Elevation Capital Management Limited) the following sectors for potential investment opportunities: Agriculture, Animal Health, Automotive, Beauty, Chemicals, Liquor, Professional Services, Real Estate and Tourism. *(\*Please note these are broad sector overviews. Clearly our focus was much more targeted but due to confidentiality agreements still in place we cannot be more specific.)*

Only one investment has been made to date and as stated earlier, this investment is an ASX listed company that manufactures household consumer products and holds the rights (in perpetuity) to iconic New Zealand & Australian brands. The company has a sub AUD100million market capitalisation, no net debt and trades at a sizeable discount to global peer companies and reasonable estimates of intrinsic value. Additionally, it is forecast to pay a ~5% fully franked dividend yield in Australian Dollars. We believe this company is exactly the kind of public company BIL should look to acquire a more significant stake in (if pricing allows) and this provides a sound example of the kind of investments the Directors wish to make with an expanded capital base if shareholders permit them in future.

This investment which was initiated on 27 June 2016 and purchased over a period of time ending on 14 November 2016 delivered a total return (including dividends) of +13.9% in NZD terms (+12.4% in AUD terms). On an annualised basis (to 31 March 2017) this amounted to +25.9% in NZD terms (+23.0% in AUD terms).

Directors in the past have also spoken of BIL's ability to potentially access both public and non-public investments that shareholders could not readily replicate themselves. The Directors have had one such opportunity presented by Elevation Capital Management Limited that is currently under review. While it is difficult to talk of such opportunities publicly prior to them being undertaken, this investment idea would again provide shareholders of BIL an investment exposure they could not readily access themselves, nor which the wider investment community could access. Such investments exist in areas of the capital markets which are not researched or widely followed by market analysts. Once again, the Directors believe there exists opportunities for BIL to capitalise on such situations should shareholders permit BIL to expand its capital base.

The NZRPG reverse listing transaction is progressing smoothly with both parties in the midst of due diligence enquiries and completing formal legal documentation for the transaction. The outcome of the transaction for BIL shareholders is they would hold shares in two companies - NZRPG (i.e. existing BIL shares) and new shares in BIL's subsidiary, BIL (2016) Limited (New BIL) which will be distributed to shareholders by BIL. New BIL will hold the existing investments of BIL and will continue to pursue the BIL investment programme. The Directors continue to explore options for re-listing New BIL with NZX or looking at alternative share trading platforms. The Directors consider that reverse listing transactions, where the companies looking to list have high quality assets or underlying businesses (like NZRPG) are positive for generating shareholder value and, more broadly, adding depth to the New Zealand capital markets. The directors are therefore leaning towards pursuing a re-listing of New BIL with NZX with a view to investigating further reverse listing transactions in the future while also pursuing the investment programme discussed above. The final recommendations

from the directors on this point will be expressed at the time approvals for the NZRPG reverse listing transaction are sought.

Further details will be presented on the NZRPG transaction (including a more conclusive timetable), BIL's current investment, future investments (having regard to the necessary confidentiality requirements that may be required) and the exact quantum of "New BIL's" capital raise post the completion of the NZRPG transaction at the Annual Shareholders Meeting which will be held at 3.00pm on the 8<sup>th</sup> June 2017 at The Holy Trinity Visitors Centre, cnr St Stephens Avenue & Parnell Road, Parnell, Auckland.

**Christopher Swasbrook**  
**Chairman – Bethunes Investments Limited**

Bethunes Investments Limited		
Results for announcement to the market		
Reporting Period	Year to 31 March 2017	
Previous Reporting Period	Year to 31 March 2017	
	Amount (000s)	Percentage change
Revenue from ordinary activities	\$NZ85	65%
Profit (loss) from ordinary activities after tax attributable to security holder	(\$NZ222)	46%
Net profit (loss) attributable to security holders	(\$NZ222)	89%
Interim/Final Dividend	Amount per security	Imputed amount per security
	No dividend is proposed	Nil
Comments:	See attached commentary and audited annual report.	