Tuesday, 13 December 2021

Dear Shareholder

Results for Half Year to 30 September 2021

Net Asset Value

Portfolio value is $276.2m or $15.59 per share ($14.87 per share in March 2021), representing an after-tax gain of 7.3 per cent, including the dividend for the six months to September 2021.

Total Shareholder Return

The share price last traded at $13.80 and $14.55 for A and B Shares respectively, or a discount of between 8- 11 per cent to the Directors valuation of $15.59.

The return profile for shareholders, including dividends paid, is summarised below.

Period	Total Shareholder Return pa
YTD	19.1%
1 Year	22.5%
5 Years	12.9%
10 Years	14.9%

Operating Income

We have seen better than expected operating earnings across most of our private businesses. However, Rainbow's End and Polynesian Spa were adversely impacted by the August and September lockdown.

$m's	Sep-21	Sep-20	Sep-19	Sep-18
Operating Earnings	6.00	6.80	2.60	4.10
Public Investment revaluations	6.20	10.10	7.80	3.00
Private Fund investments	-0.40	1.20	1.00	0.50
Operating Costs	-1.00	-0.90	-0.90	-0.80
One off Costs	0.00	0.00	0.00	-2.70
Comprehensive income	**10.80**	**17.20**	**10.50**	**4.10**
Comprehensive income – cents per share	**0.61**	**0.97**	**0.59**	**0.23**

There was no single dominant contributor to Operating Earnings in this half, each business was trading well and above budgeted levels, before the August lockdowns.

This continued for all businesses other than Rainbow's End and Polynesian Spa, which were most impacted by the COVID-19 lockdown of the Auckland market.

Our listed investments have shown steady returns of 8 per cent for the six months across the total portfolio. In the last three months we have seen listed stock values flatten as we are seeing rising inflation and interest rates, the slowing of quantitative easing and the continued uncertainty from COVID. We have sold down some shares since September to fund new and anticipated upcoming equity investments.

Investment Activity

We have seen increased investment activity in the last six months. During the period we have:

- Completed an investment of $20m into BeGroup, a multi village retirement operator. Since September, BeGroup has acquired another village in Masterton.
- Increased our stake in Fiordland Lobster, lifting our stake to 8 per cent with a further investment of $12.5m.
- Made a commitment of A$4m to Air Tree a leading Australasian venture capital fund.
- Acquired through APC, Jazz Print, a business specialising in real estate and motor vehicle printing.
- Progressed due diligence of an additional investment that we would expect to complete early in 2022.
- Invested further into Partners Life to support a total capital raise of $44m, providing capital to support the purchase of BNZ Life and meet ongoing growth targets.
- Progressed the sale of the Heller's Building in Christchurch.
  We felt this was a good time to sell this property as there is significant demand for industrial properties with the current low-interest rates. As interest rates rise, we expect this sentiment to change. We also expect greater returns from our private investments than holding this property for the long term. The portfolio will continue to have indirect property exposure through BeGroup, NZ Pastures and our kiwifruit orchards. This will see the portfolio property exposure drop from 16 per cent to 10 per cent.

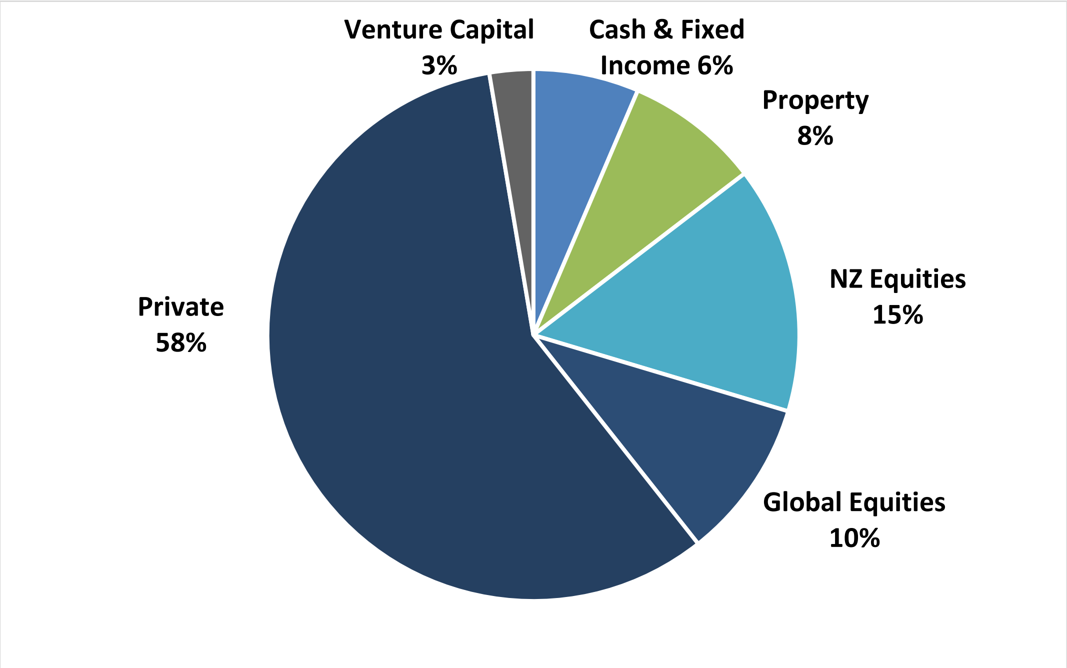
Investment Portfolio

The overall portfolio is well-positioned at present. At a high level we are now holding 25 per cent of total funds in listed equities and have seen upward share price movement on these since March 2020. We are only holding 6 per cent of cash and fixed income, so the low interest rates (now less than 1 per cent per annum) are creating limited drag on total returns.

We expect in coming years to reduce the percentage held in listed stocks as we deploy more into private businesses, but in the short-term, we are likely to maintain international stocks to give us exposure to foreign markets that we do not get through our NZ private equity holdings.

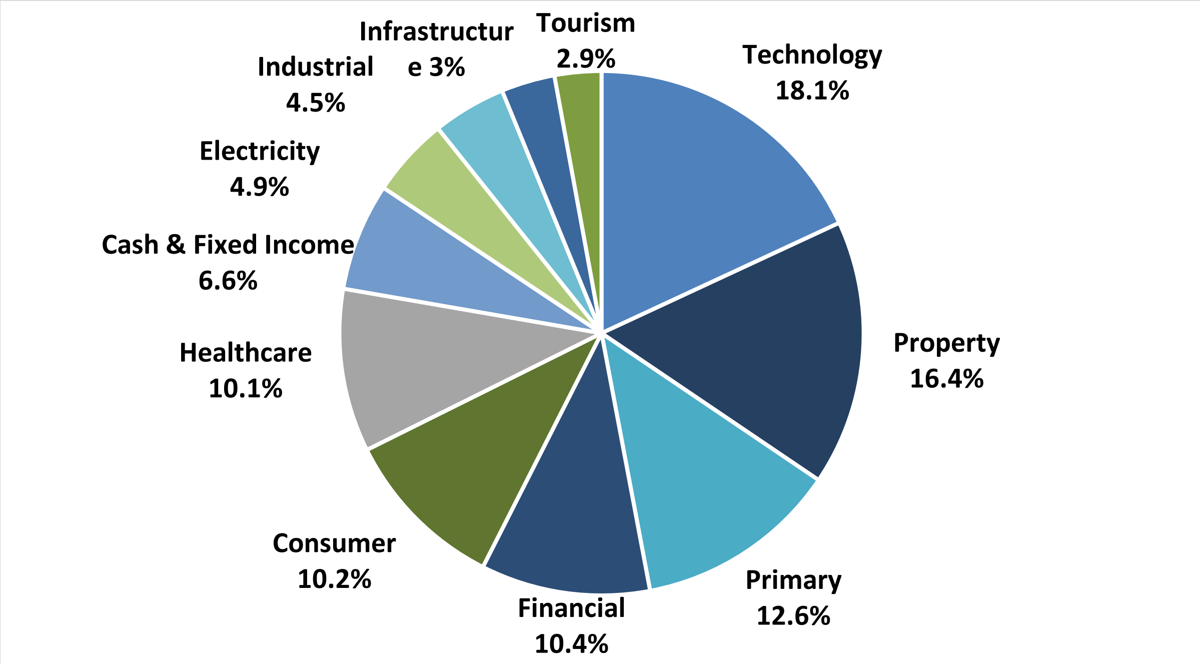
We also will increase our positions in venture capital funds, as we think this is the best way to access investment in early-stage companies and technology, although from time to time we would not rule out making direct investments.

Our total cash income from dividends and interest is generating an average gross yield of 3.5 per cent pa. This is still below our average dividend of 4 per cent pa, but we are seeing strong capital growth over and above this, so we are confident that we can continue to maintain this dividend level.



Sector Exposure

We continue to look for opportunities in Healthcare, Technology, Financial Services, Tourism, Agriculture and Infrastructure. The chart below illustrates the spread of investments across these sectors (including listed investments).



Private Investments

Polynesian Spa:

The business has continued to operate with solely domestic visitors. Before the August lockdown, the team had done an excellent job to resize the business to trade profitability, illustrating the strength of the business. We expect it will quickly return to higher profitability once international tourists return. When this might be is still unclear, so Gert and his team are doing an excellent job to tailor pricing and a product that is attractive to the domestic market.

Rainbow's End:

Rainbow's End had a very strong start to this financial year until the August lockdowns. As a result of the new product, more innovative marketing, and better pricing we were seeing high levels of profitability and well ahead of expectations. The closure from August through to December has impacted profitability in the last two months of this half-year and the first two months of the second half. However, we do only see this as a blip, and we are expecting to see a strong summer which will contribute to the Rangatira result.

We expect that there will be good opportunities to improve the strong yield for Rangatira shareholders in the coming years.

APC Innovate:

The Company has been able to manage the pandemic impact, initially through cost management and more recently through securing market share. Revenues are now at record levels with a strong performance in September, October, and November. The increased cost of shipping and the impact on imports is helping, as historically one of APC's largest competitors was Chinese production. With higher freight costs and longer delivery times, more and more packaging, printing, and promotional work is being manufactured in New Zealand. As a market leader in speciality retail packaging and promotional printing, APC is seeing strong demand for its design and manufacturing capabilities, as well as its strong focus on customer service.

The acquisition of Jazz Print was completed in November, and this will add additional skill and personnel, increase the product range, save on future capital expenditure, and improve utilisation of the existing plant and site. We are enthusiastic about the difference this will make to the APC Group and expect that the business will continue to provide consistent dividends and returns in the coming years.

Mrs Higgins:

Mrs Higgins sales have returned to pre-COVID levels, benefiting from strong growth in the supermarket channel. Other channels such as foodservice and vending have been significantly impacted through the lockdowns and are still recovering, although, this did not stop Mrs Higgins from managing to trade above last year and lift annualised revenues 25 per cent from pre-COVID levels.

BeGroup

We completed our investment into BeGroup in June 21. Since then, the business has continued to trade well, notwithstanding the challenge of continuing to close sales of units through the August lockdowns.

As anticipated, BeGroup has pursued the opportunity to purchase further villages in regional New Zealand and in November completed the purchase of Wairarapa Village Masterton. To fund this and provide capital for other identified opportunities, BeGroup raised additional capital to which we have committed a further $6m.

We see this as an attractive sector and with a strong management team that should deliver good dividend flow and capital appreciation.

Fiordland Lobster

We have continued to see strong performance from Fiordland Lobster.

Despite the Chinese trade restrictions on Australian product, the resulting high prices for New Zealand product has, to some extent, offset the reduced earnings from Australia. Further, this is proving a good time to invest into the Australian market as quota prices fall and profitability is lower. The Company completed the purchase of the largest processor in Tasmania in September, which means it now has 20 per cent of the Australian market. They are actively looking to increase their interests in the Tasmanian fishery, which in the future they see as similar to the Cray 8 or Fiordland fishing area in New Zealand.

In New Zealand, the major cray fishing zones continue to perform well.

In August, the Company completed a $32m capital raise to provide funding to pursue further acquisitions and reduce debt levels. This saw the introduction of two new shareholder groups, Jarden's, and Evergreen Capital, two well-known New Zealand investors. At the same time, Mark Dossor has accepted an invitation to join the Board of Directors.

We see this investment as offering good exposure to the premium fishing industry, underpinned by large quota holdings in New Zealand and Australia. The business should continue to offer both dividend flow and capital growth.

Bio-Strategy:

Bio-Strategy continues to perform well on the back of increased demand, a lower fixed cost base and the benefit of a new agency in Epredia which has added significantly to revenue and margin. Epredia supplies the pathology industry and is expected to grow revenues by 10 percent pa.

During the year, we have been advised that one of our larger agencies will market their product directly from April 22. This will have a short-term impact on earnings in FY23. Plans are in place to find new agencies to fill this gap, including a substitute to the product that we have lost.

The Company is also proactively seeking additional growth through acquisition. During the course of this year, we have looked at over five acquisition targets.

We see the potential for further growth in Bio-Strategy and believe it should continue to offer both dividend flow and capital growth for Rangatira.

Magritek:

Magritek has continued to perform well and is now seeing order levels up 30 per cent from last year. The market adoption of Magritek's product continues to grow as awareness of the product is increased, and it becomes recognised as a core instrument in most laboratories. This, with product enhancements, is keeping its market share ahead of the two main competitors and has seen revenues and profits grow through 2021.

In the middle of the year, a new shareholder invested – Ampersand, a US-based specialist investor in scientific equipment. Over time I expect they will assist the Company to accelerate growth.

The management and staff have performed incredibly well through numerous lockdowns in Germany and the US. Despite the disruption, they have maintained and improved production, marketing, and product development for the Company.

We continue to see further growth in the business and see it as a business that will continue to deliver both strong dividends and capital growth for Rangatira.

New Zealand Pastures

Since consolidating the ownership of the Company buying out international interests, increasing our stake from 9 per cent to 20 per cent, the business has performed well. We have seen a significant improvement in the operating farms as we moved to a more traditional method of breeding our own stock away from a trading and fattening model. We have also collapsed the corporate model for farming multiple blocks, which has significantly reduced the overheads associated with running the properties. These changes, combined with high commodity prices, will see the farms perform well in the FY21/22 season.

In September we also completed planting the first stage of 1,600 hectares of hybrid and native pine on one of the blocks. We believe that, for the right blocks, planting pines and using the averaging method to redeem carbon credits will provide good returns over the coming years, and an alternative use for the land.

In October we acquired another block of 200 hectares to plant in 2022 and hope to purchase up to another 800 hectares of land in the coming months for planting in 2022.

We expect this to be a good exposure for Rangatira long term and would expect to increase our investment in this sector as opportunities present themselves.

Kiwifruit Orchards

Both Orchards are meeting timelines and budgets for completion. Oaklands is expecting a crop in 2022 and Eastern Rise a crop in 2023.

The market for SunGold kiwifruit continues to be strong, and we are confident, given the excellent management led by Andrew Dunstan, that these two orchards will deliver at or above market average production levels and yields.

Partners Life

Partners Life has continued to grow its premium revenues and maintain its number two position in the New Zealand life insurance market. This will be further strengthened with the completion of the BNZ Life acquisition expected in mid-2022.

The insurance sector is currently in the midst of Reserve Bank reviews. We expect this to run through into 2022, and for the business to come out favourably from this process.

The combination of these reviews, the BNZ Life acquisition and investment into the operating platform has necessitated further growth capital. As a result, in August the Company raised $44m from shareholders. We contributed $5m - above our pro-rata share at what we see as an attractive price.

We expect that by the end of 2022 the business will be in a strong position to look at its options in the market. We continue to have faith in the strong Board and management team at Partners Life.

Summary

Across our private investments, we expect to generate good upside in the medium term through our holdings in BeGroup, Bio-Strategy, Fiordland Lobster, Partners Life, Magritek, Mrs Higgins, and the Southern Cross Horticulture kiwifruit developments. The remaining tourism assets have performed above our initial expectations given the pandemic, predominantly due to strong domestic demand, but are still not yet back to pre-COVID levels.

Listed Equities – $71m, YTD returns 8.3%

YTD Sep 2021	$m	TSR	Benchmark	Benchmark
NZ Income	27.3	6.1%	6.2%	NZX50 plus 1%
NZ Growth	11.8	13.8%	6.2%	NZX50 plus 1%
NZ Trading	4.4	3.6%	6.2%	NZX50 plus 1%
International	28.2	9.2%	7.4%	MSCI plus 1%
Total	**71.7**	**8.3%**		

The portfolio has continued to perform well since March, largely above our benchmarks.

Our international portfolio has continued to perform well, and we have a lot of faith in the UK-based manager, Intermede.

International and Domestic equity markets have flattened in the last three months, something we did expect with the combined impacts of rising interest rates and inflation and slowing of quantitative easing policies of most Governments. We think this trend will continue in the short term; hence we will gradually reduce this exposure (specifically in domestic stocks) and make more investments into private New Zealand businesses.

Interim Dividend

We have declared a partially imputed dividend of 24 cents per share to be payable on 20 December 2021.

In closing, I would thank Mark, Matt, Ali, Anna and Kurt, and the shareholders for their continued support.

Kind Regards

David Pilkington

Rangatira Group

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2021

	Note	6 months to 30 September 2021 $000	6 months to 30 September 2020 $000
Continuing operations			
Revenue		**64,546**	53,349
Share of Associate Income		**1,579**	781
Other income		**601**	4,246
Total income		**66,726**	58,376
Depreciation and amortisation		**(3,614)**	(3,726)
Employee benefit expense		**(14,980)**	(10,469)
Finance costs		**(1,184)**	(1,353)
Impairment reversal/expense		**-**	1,192
Raw materials and consumables used		**(33,577)**	(29,723)
Consulting expense		**(93)**	(180)
Operating expenses		**(5,409)**	(3,631)
Profit before tax from continuing operations		**7,869**	10,486
Tax benefit/(expense)		**(1,888)**	(2,224)
Profit after tax from continuing operations		**5,981**	8,262
Profit after tax		**5,981**	8,262
Profit attributable to:			
Equity holders of the parent		**4,936**	6,825
Non-controlling interests		**1,045**	1,437
		5,981	8,262
Basic and diluted earnings per share (cents)	1	**27.9**	38.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2021

	2021 $000	2020 $000
Other comprehensive income/(losses)		
Investments at Fair Value through OCI		
- valuation gain/(loss) taken to reserves	**6,221**	10,104
- transferred to retained earnings	**-**	
Translation of foreign operations	**(444)**	419
Associate companies		
- share of reserves of associates	**14**	(47)
		-
Other comprehensive income/(losses) recognised directly in equity	**5,791**	10,476
Profit after tax from continuing operations	**5,981**	8,262
Total comprehensive (loss)/ income for the year after tax	**11,772**	18,738
Total comprehensive income attributable to:		
Equity holders of the parent	**10,859**	17,175
Non-controlling interests	**913**	1,563
	11,772	18,738
Comprehensive income per share (cents)	**61.3**	97.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	Note	Group 30 September 2021 $000	Group 30 September 2020 $000	Group 31 March 2021 $000
Current assets				
Cash and cash equivalents		**14,695**	17,213	**21,118**
Term deposits		**-**	3,000	**-**
Trade receivables		**13,462**	12,107	**12,988**
Inventories		**12,339**	13,983	**13,826**
Other current financial assets		**8,761**	14,352	**7,689**
Other current assets		**1,091**	1,294	**967**
Total current assets		**50,348**	62,427	**56,588**
Non-current assets				
Property, plant and equipment		**47,744**	25,188	**48,534**
Investment property		**21,535**	25,404	**22,034**
Investments in associate companies		**39,972**	22,424	**18,278**
Goodwill		**13,443**	13,742	**13,067**
Intangible assets		**779**	13,486	**420**
Deferred tax asset		**2,303**	548	**6,511**
Other non-current financial assets		**141,347**	123,347	**137,365**
Total non-current assets		**267,123**	227,300	**246,209**
Total assets		**317,471**	289,727	**302,797**
Current liabilities				
Trade and other payables		**11,883**	19,839	**17,860**
Borrowings		**28,823**	11,037	**8,421**
Lease liabilities		**1,167**	1,214	**3,321**
Other current financial liabilities		**-**	644	**299**
Tax payable		**674**	2,569	**1,001**
Provisions		**2,722**	494	**3,315**
Total current liabilities		**45,268**	36,027	**34,217**
Non-current liabilities				
Borrowings		**7,636**	8,410	**8,443**
Lease liabilities		**24,962**	26,367	**23,522**
Provisions		**1,184**	481	**600**
Deferred tax liability		**4,446**	4,056	**7,241**
Other non-current financial liabilities		**-**	16	**-**
Total non-current liabilities		**38,228**	39,330	**39,806**
Total liabilities		**83,496**	75,357	**74,023**
Net assets		**233,975**	214,370	**228,774**
Equity				
Share capital		**17,667**	17,667	**17,667**
Retained earnings		**179,216**	183,150	**176,862**
Investments at fair value reserve		**34,874**	13,113	**32,447**
Foreign currency translation reserve		**(329)**	(252)	**(31)**
Equity holders of the Parent		**231,428**	213,678	**226,945**
Attributable to non-controlling interests		**2,547**	692	**1,829**
Total equity		**233,975**	214,370	**228,774**

Approved for issue on behalf of the Board on 13 December 2021

D A Pilkington

S Haslem

Rangatira Group

CONSOLIDATED STATEMENT OF CASHFLOW

For the six months ended 30 September 2021

	Note	Group 6 months to 30 September 2021 $000	Group 6 months to 30 September 2020 $000
Cash flows from operating activities			
Cash was provided from:			
Receipts from customers		**65,548**	59,072
Dividends received		**(1,013)**	900
Interest received		**(365)**	2,880
		64,170	62,852
Cash was applied to:			
Payments to suppliers and employees		**(57,171)**	(51,774)
Tax paid		**(803)**	(960)
Interest paid and other costs of finance		**(874)**	(1,353)
		(58,848)	(54,087)
Net cash inflows from operating activities		**5,322**	8,765
Cash flows from investing activities			
Cash was provided from:			
Proceeds from sale of investments		**13,278**	33,915
		13,278	33,915
Cash was applied to:			
Purchase of property, plant and equipment		**(2,684)**	(1,908)
Purchase of intangible assets			(7)
Purchase of investments		**(33,897)**	(37,056)
		(36,581)	(38,971)
Net cash inflows/(outflows) from investing activities		**(23,303)**	(5,056)
Cash flows from financing activities			
Cash was provided from:			
Proceeds from borrowings		**21,324**	2,000
Reduction of lease liabilities			1,342
		21,324	3,342
Cash was applied to:			
Dividends paid to shareholders of the parent		**(6,376)**	(5,314)
Dividends paid to non-controlling interests		**(195)**	-
Repayment of borrowings		**(1,400)**	(4,801)
Repayment of lease liabilities		**(1,351)**	-
		(9,322)	(10,115)
Net cash inflows/(outflows) from financing activities		**12,002**	(6,773)
Net increase/(decrease) in cash held		**(5,979)**	(3,064)
Effect of foreign exchange		**(444)**	-
Cash at beginning of period		**21,118**	20,277
Cash at end of year		**14,695**	17,213
Cash and cash equivalents		**14,695**	17,213

The notes on pages 5 to 6 form part of, and should be read in conjunction with, the above statements

Rangatira Group

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

30 September 2020	Note	Share capital $000	Retained earnings $000	Investments at fair value reserve $000	Foreign currency translation reserve $000	Attributable to equity holders of the Parent $000	Attributable to non-controlling interests $000	Total $000
Balance at the beginning of the year		17,667	180,525	4,123	(498)	201,817	(871)	200,946
Total comprehensive income		-	6,825	10,104	246	17,175	1,563	18,738
Dividends paid to non-controlling interests		-	-	-	-	-	-	-
Dividends paid to parent shareholders	2	-	(5,314)	-	-	(5,314)	-	(5,314)
Acquisition of Treasury Stock		-	-		-	-	-	-
Disposal of FVOCI		-	1,114	(1,114)	-	-	-	-
Balance at end of year		**17,667**	**183,150**	**13,113**	**(252)**	**213,678**	**692**	**214,370**

30 September 2021	Note	Share capital $000	Retained earnings $000	Investments at fair value reserve $000	Foreign currency translation reserve $000	Attributable to equity holders of the Parent $000	Attributable to non-controlling interests $000	Total $000
Balance at the beginning of the year		17,667	176,862	32,447	(31)	226,945	1,829	228,774
Total comprehensive income		-	4,936	6,221	(298)	10,859	913	11,772
Dividends paid to non-controlling interests		-	-	-	-	-	-	-
Dividends paid to parent shareholders	2	-	(6,376)	-	-	(6,376)	(195)	(6,571)
Disposal of subsidiary			-	-		-	-	-
Acquisition of NCI		-	-	-	-	-	-	-
Reclassification of FVOCI investment to associate		-	-	-	-	-	-	-
Disposal of FVOCI		-	3,794	(3,794)	-	-	-	-
			-			-	-	-
Balance at end of year		**17,667**	**179,216**	**34,874**	**(329)**	**231,428**	**2,547**	**233,975**

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

Note 1 Earnings Per Share

	Group 6 months to 30 September 2021	Group 6 months to 30 September 2020
From continuing and discontinued operations		
Basic and diluted earnings per share (cents)	**27.9**	38.6

Diluted earnings per share are the same as basic earnings per share because there are no dilutive equity instruments in the Group.

Note 2 Dividends Paid

	Group 6 months to 30 September 2021	Group 6 months to ptember 2020
Amount paid (cents per share)	**36.0**	30.1
Amount paid ($000's)	**6,376**	**5,314**

Note 3 Capital Commitments

	Group 30 September 2021 $000	Group ptember 2020 $000
Plant, equipment and software	**26**	183
Other	**11,273**	1,561
	11,299	1,744

Other capital commitments are for investment funds that are under contract but not invested at balance date.

Note 4 Contingent Liabilities

There are no significant contingent liabilities (2020: nil).

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 September 2021

Note 5 Subsequent events

On 13 December 2021, the Board declared a partially imputed dividend of 24 cents per share ($5.6 million). The dividend will be paid to shareholders on 20 December 2021

Note 6 Significant Accounting Policies

The interim financial statements have been prepared using the same accounting policies and methods of computation as set out in Rangatira's 2021 Annual Report.