

BRAMWELL BROWN LTD

INVESTMENT ADVISERS – SHAREBROKERS

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Bramwell Brown Limited – Newsletter – October 2024

Synlait Milk

Holders of the Synlait Milk bonds (SML010) that mature in December this year will be pleased to hear that the recapitalisation of the company has proceeded as expected. Shareholders, however will not be thrilled, with their holding in the troubled company being severely diluted by the injection of new capital by its two largest shareholders. Bright Dairy and A2 Milk have injected \$217.8 million into Synlait Milk to allow the company to continue trading. This transaction will take place on October 1st, and as a result a change of control event will occur in relation to the bonds. Bondholders will then have the option to elect to have their bonds redeemed early. Trading in the bonds will be suspended from October 1st until October 15th, during which time holders of the bonds can visit www.synlaitbond.co.nz to redeem their bonds. The redemption price will be \$1.00 per bond plus accrued interest, and the payment date will be November 13th. Any bonds not redeemed early will continue accruing interest and will be paid out on their original maturity date of December 17th.

If you would like to discuss this process further, don't hesitate to contact the office.

Contact Energy/Manawa Energy

Contact Energy Limited has entered into a Scheme Implementation Agreement to acquire 100% of Manawa Energy Limited under a court approved Scheme of Arrangement. Under the proposed scheme Manawa Energy shareholders will receive 0.5719 Contact Energy shares for each Manawa Energy share held, plus cash consideration of \$1.16 per Manawa Energy share. This would be equivalent to approximately \$5.95 per Manawa Energy share. At the time of the announcement Manawa Energy shares were trading at \$4.03. The final cash consideration and number of Contact Energy shares issued to Manawa Energy shareholders will be adjusted for dividends paid by Contact and Manawa between the scheme signing and implementation. The scheme is subject to New Zealand Commerce Commission approval, and is expected to take place in the first half of 2025. At that time, Manawa Energy bonds (MNW170, MNW180 and MNW190) will be repaid in full. If these bonds are trading at a premium to their par value at the time, presumably the final price paid to investors will include that premium.

Staff Update

Angeline Colquhoun has been working for Bramwell Brown since June 2018, and has become an integral member of the team. She has proved to be very reliable in dealing with a wide variety of administrative duties, and played a big part in the policy work that was required to renew our financial advice license under the new regime. Angeline has been offered a role at Selina Sutherland Hospital, and will start there on October 14th. We will miss her, and we wish her all the best in her new role.

Auckland Airport Capital Raising

Auckland Airport is raising \$1.4 billion to build a new domestic terminal, and improve existing facilities. A fully underwritten placement of shares to institutional investors totalling \$1.2 billion has been completed, and the retail offer of \$200 million is now open. Existing shareholders now have the opportunity to increase their investment in Auckland Airport. New shares will be issued at the lower of \$6.95, or a 2.50% discount to the average share price over the last five trading days of the retail offer period. Applications for new shares can be made online at www.aucklandairportshares.co.nz

You will need your CSN and validation number to apply. You will apply for a dollar value, rather than a set number of shares. Funds will be direct-debited from your nominated bank account. You will need to ensure the bank account you select has the required funds available, and is able to accept direct debits.

The retail offer document can be found here: <https://www.bramwellbrown.co.nz/auckland-airport-september-2024-retail-offer-booklet>

The equity-raising presentation can be found here: <https://www.bramwellbrown.co.nz/auckland-airport-2024-equity-raise-presentation>

If you would like to discuss this offer, don't hesitate to contact the office.

Fletcher Building Capital Raising

Fletcher Building is also raising funds, this time however it is to repay debt. A fully underwritten placement of shares and an institutional entitlement offer has been completed, raising \$593 million. Existing shareholders now have the opportunity to purchase shares in the retail entitlement offer. You will be offered one new share at \$2.40 for every 4.49 shares you currently own. The entitlement for new shares is non-renounceable, which means you cannot sell your entitlement. Your options are to do nothing, or take up your entitlement in part or in full.

The retail offer document can be found here: <https://www.bramwellbrown.co.nz/fbu-offer-document>

The equity-raising presentation can be found here: <https://www.bramwellbrown.co.nz/fbu-investor-presentation>

If you would like to discuss this offer, don't hesitate to contact the office.

Current Bond Yields

Here is a selection of the current yields on commonly traded bonds listed on the NZX.

Company	Coupon	Maturity Date	Yield
Argosy Property	4.00%	March 2026	5.43%
Infratil	3.35%	March 2026	6.09%
Manawa Energy	3.35%	July 2026	4.26%
ASB	5.93%	November 2026	3.93%
Infratil	3.35%	December 2026	6.02%
Ryman Healthcare	2.55%	December 2026	5.74%
Goodman Property Trust	4.74%	April 2027	4.96%
Sky City Entertainment	3.02%	May 2027	5.97%
Precinct Properties	2.85%	May 2027	5.56%
Mercury Energy	5.73%	May 2027	5.60%
Manawa Energy	5.36%	September 2027	4.26%
Westpac	6.19%	September 2027	5.00%
Vector	3.69%	November 2027	4.29%
Infratil	3.60%	December 2027	5.90%
Contact Energy	5.82%	April 2028	4.20%
Precinct Properties	5.25%	May 2028	5.72%
BNZ	5.54%	May 2028	4.12%
Wellington Airport	5.78%	August 2028	4.45%
Infratil	6.78%	December 2028	5.80%
Manawa Energy	6.56%	February 2029	4.53%
Summerset	6.43%	March 2030	5.40%
Wellington Airport	6.02%	September 2030	4.57%
Heartland Bank Limited	7.51%	April 2033	6.06%
Kiwibank Limited	6.40%	May 2033	5.22%
Infratil	5.93%	June 2030	6.20%
Infratil	7.08%	March 2031	6.03%
Infratil	7.06%	December 2031	5.86%
NZX	6.80%	June 2033	5.95%
Genesis Energy	5.66%	June 2052	5.60%
Genesis Energy	6.50%	July 2053	5.55%
Mercury Energy	6.42%	July 2054	5.48%

Bank Term Deposit Rates

Here is a list of the current bank term deposit rates that are available.

	1 Year	2 Years	3 Years	4 Years	5 Years
ANZ	5.10%	4.55%	4.45%	4.40%	4.35%
ASB	5.10%	4.50%	4.45%	4.40%	4.30%
BNZ	5.10%	4.45%	4.40%	4.40%	4.30%
Heartland	5.25%	4.70%	4.55%	4.55%	4.55%
Kiwibank	5.15%	4.60%	4.50%	4.50%	4.50%
Rabobank	5.35%	4.70%	4.60%	4.50%	4.60%
Westpac	5.05%	4.60%	4.50%	4.40%	4.30%

Scams

We are hearing more and more instances of New Zealanders being scammed out of their hard-earned cash. Scammers are becoming more sophisticated, and new technologies allow them to constantly improve the ways they operate. The Nigerian prince sending an email with an offer of \$1 million has been replaced by far more believable individuals pretending to be someone they are not. I've often said the banks need to do more to protect vulnerable customers from scammers, and hopefully that is starting to happen. In response to the Minister of Commerce & Consumer Affairs Minister Andrew Bayly's request to the banking industry to strengthen their processes, the New Zealand Banking Association has made a number of recommendations. At the top of that list is "confirmation of payee."

At present if you make an online payment to another bank account, there is no way of telling that the account number you are entering belongs to the person you are hoping to pay. Many scams would be averted at the point of payment if we had confirmation from the bank that the account number receiving the funds matched the entity you are wanting to pay.

Hopefully this, and other initiatives will be instigated shortly. Some banks are already bringing in their own measures to tackle fraud. For example, ANZ now has a dynamic PIN number on credit cards, and two-factor authentication is more widespread now.

The Financial Markets Authority (FMA) has an area on their website dedicated to scam warnings and alerts: [Scams | Financial Markets Authority \(fma.govt.nz\)](https://www.fma.govt.nz/scams) If you suspect you have been targeted by an investment scam you can contact the FMA on 0800-434566, or by email at questions@fma.govt.nz. Alternatively, don't hesitate to contact our office if you think you may have been the target of a scam.

DISCLOSURE STATEMENT AVAILABLE ON REQUEST AND FREE OF CHARGE