SIMMONS CORPORATE FINANCE

Rangatira Limited

Independent Adviser's Report

In Respect of the Proposed Share Buyback

June 2014

Statement of Independence

Simmons Corporate Finance Limited confirms that it:

- has no conflict of interest that could affect its ability to provide an unbiased report
- has no direct or indirect pecuniary or other interest in the proposed transaction considered in this report, including any success or contingency fee or remuneration, other than to receive the cash fee for providing this report.

Simmons Corporate Finance Limited has satisfied the Takeovers Panel, on the basis of the material provided to the Takeovers Panel, that it is independent under the Takeovers Code for the purposes of preparing this Independent Adviser's Report.

Index

Section **Page**

1. Introduction 1
2. Evaluation of the Merits of the Share Buyback 5
3. Sources of Information, Reliance on Information, Disclaimer and Indemnity 15
4. Qualifications and Expertise, Independence, Declarations and Consents 17

1. Introduction

1.1 Background

Rangatira Limited (**Rangatira** or the **Company**) was incorporated on 14 December 1937 as Rangatira Pty Limited. It changed its name to Rangatira Limited on 13 November 1973.

Rangatira is an investment holding company with assets of approximately $159 million. It has built up a portfolio of local and international investments across a wide range of sectors. Rangatira has pursued a policy of private equity investment in small to medium sized New Zealand companies, complemented by holdings in a range of publicly listed New Zealand and Australian companies. Investments have been made taking a long term position in companies that are well founded and well managed with good growth potential.

Rangatira has 10 private equity investments:

- Auckland Packaging Company Limited (100%)
- Hellers Limited (50%)
- Konnect NET Limited (17%)
- Magritek Holdings Limited (12%)
- New Zealand Pastures Limited (9%)
- Partners Group Holdings Limited (8%)
- Polynesian Spa Limited (51%)
- Precision Dispensing Systems Limited (84%)
- Rainbow's End Theme Park Limited (100%)
- Tuatara Brewing Company Limited (35%).

Rangatira has also invested in 2 managed funds – Movac Fund 3 and Valar Ventures. Both funds focus on early stage growth companies.

Rangatira's listed equities portfolio includes 7 New Zealand companies, 7 Australian companies and 4 international shareholdings.

Approximately 51% of Rangatira's shares are held by the J R McKenzie Trust (the **Trust**) with other community and charitable organisations owning approximately 15% of the shares. The remainder of the shares are held by various individuals.

Rangatira's shares are traded on the Unlisted internet-based securities trading and communications facility (**Unlisted**) operated by Efficient Market Services Limited.

The Company's adjusted total equity (including the directors' assessment of the market value of the unlisted investments) was approximately $198 million as at 31 March 2014.

Details of Rangatira, its investments and its recent annual reports can be found at its website www.rangatira.co.nz.

1.2 Share Buyback

Rangatira announced on 28 November 2012 that it proposed to implement a share buyback scheme.

The Company's board of directors (the **Board**) resolved on 9 June 2014 that Rangatira will buy back up to an aggregate of 600,000 A Shares (the shares that carry full voting rights) and 600,000 B Shares (the shares that carry restricted voting rights) in accordance with section 60 of the Companies Act 1993 (the **Act**) and clause 8.1 of the Company's constitution (the **Share Buyback**).

Consideration for each share will be equal to a maximum of 80% of the assessed asset backing value of each share as set out in the last public announcement of that assessed asset backing value made by the Company prior to the Share Buyback.

1.3 Code Shareholders

Sarah McLennan and various other members of the Gibson family together hold 12.14% of the A Shares in Rangatira. Sarah McLennan is also a personal trustee of the Trust. The personal trustees of the Trust hold shares in the Company on trust for the Trust. As a personal trustee of the Trust, Sarah McLennan has influence over the voting of the 8.15% of the A Shares held by the personal trustees of the Trust. The Gibson family's shareholdings combined with the shareholdings of the personal trustees of the Trust make up more than 20% of the voting rights in Rangatira.

The McKenzie family and the Gibson family have a long standing family relationship. Therefore, any member of the McKenzie family may (on a conservative basis) be considered to be an associate of the Gibson family for the purposes of the Takeovers Code (the **Code**). The McKenzie family and the Gibson family have agreed for the purposes of seeking shareholder approval of the Share Buyback that each member of the McKenzie family will be treated as an associate of the Gibson family.

We refer to Sarah McLennan, the Gibson family, the Trust, the Trust's trustees and the McKenzie family collectively as the **Code Shareholders**. The Code Shareholders collectively control 2,338,617 A Shares, representing 37.93% of the voting rights in the Company.

If the Code Shareholders do not participate in the Share Buyback, then any shares that the Company buys back from other shareholders (the **Non-associated Shareholders**) and which are then either held as treasury shares or cancelled will result in an increase in the Code Shareholders' level of voting rights in the Company.

Depending on the number of A Shares bought back, the Share Buyback will result in the Code Shareholders' holding A Shares (and therefore voting rights) in the Company of between:

- 37.93% - assuming no A Shares are bought back
- 42.02% - assuming the maximum 600,000 A Shares are bought back from Non-associated Shareholders.

1.4 Regulatory Requirements

Rule 6 of the Code prohibits:

- a person who holds or controls less than 20% of the voting rights in a code company from increasing its holding or control of voting rights (together with its associates) beyond 20%
- a person holding or controlling 20% or more of the voting rights in a code company from increasing its holding or control of voting rights

unless the person and that person's associates comply with exceptions to this fundamental rule.

When a company buys back its shares, the percentage holding of any shareholder that does not participate in the buyback will increase. Consequently, if a company with a shareholder controlling 20% or more of its voting rights wishes to undertake a share buyback, it needs to rely upon an exemption to the Code.

The Share Buyback could result in the Code Shareholders increasing their collective A shareholding (and therefore voting rights) in the Company from 37.93% to a maximum of 42.02%, depending on the number of A Shares bought back under the Share Buyback and the extent to which the Code Shareholders participate in the Share Buyback.

The Takeovers Panel has, pursuant to the Takeovers Code (Rangatira Limited) Exemption Notice No 2 2014 (the **Exemption Notice**), granted the Code Shareholders an exemption from the Code in respect of retaining any increases in their voting control over the Company as a consequence of the Share Buyback.

Clause 2(1) of the Schedule to the Exemption Notice requires that the Share Buyback be approved by ordinary resolution of the Company's shareholders.

Accordingly, the Non-associated Shareholders will vote on an ordinary resolution at the Company's annual meeting on 4 August 2014 in respect of the Share Buyback (resolution 5 – the **Share Buyback Resolution**) so that the Code Shareholders do not have to sell down their A Shares.

The Code Shareholders are not permitted to vote on the Share Buyback Resolution.

Clause 3(g) of the Schedule to the Exemption Notice requires that the notice of meeting containing the Share Buyback Resolution must contain or be accompanied by an Independent Adviser's Report that complies with Rule 18 of the Code.

1.5 Purpose of the Report

The Board has engaged Simmons Corporate Finance Limited (**Simmons Corporate Finance**) to prepare an Independent Adviser's Report on the merits of the Share Buyback and of the Code Shareholders retaining any increase in their voting rights in the Company.

Simmons Corporate Finance was approved by the Takeovers Panel on 16 May 2013 to prepare the Independent Adviser's Report.

Simmons Corporate Finance issues this Independent Adviser's Report to the Board for the benefit of the Non-associated Shareholders and to assist them in forming their own opinion on voting on the Share Buyback Resolution.

We note that each shareholder's circumstances and objectives are unique. Accordingly, it is not possible to report on the merits of the Share Buyback and of the Code Shareholders retaining any increase in their voting rights in relation to each shareholder. Our advice and opinions are necessarily general in nature.

This Independent Adviser's Report is not to be used for any other purpose without our prior written consent.

2. Evaluation of the Merits of the Share Buyback

2.1 Basis of Evaluation

Clause 3(g) of the Schedule to the Exemption Notice requires an evaluation of the merits of the Share Buyback and of the Code Shareholders retaining any increase in their voting rights in the Company, having regard to the interests of the Non-associated Shareholders.

There is no legal definition of the term *merits* in New Zealand in either the Code or in any statute dealing with securities or commercial law.

In the absence of an explicit definition of *merits*, guidance can be taken from:

- the Takeovers Panel *Guidance Note on Independent Advisers and the Takeovers Code* dated May 2014
- definitions designed to address similar issues within New Zealand regulations which are relevant to the proposed transaction
- overseas precedents
- the ordinary meaning of the term *merits*.

We are of the view that an assessment of the merits of the Share Buyback and of the Code Shareholders retaining any increase in their voting rights in the Company should focus on:

- the rationale for the Share Buyback
- the terms and conditions of the Share Buyback
- the financial impact of the Share Buyback
- the impact of the Share Buyback on the control of the Company
- the impact of the Share Buyback on Rangatira's share price
- the benefits and disadvantages to the Non-associated Shareholders of the Share Buyback
- the implications if the Share Buyback Resolution is not approved.

Our opinion should be considered as a whole. Selecting portions of the evaluation without considering all the factors and analyses together could create a misleading view of the process underlying the opinion.

2.2 Summary of the Evaluation of the Merits of the Share Buyback

In our opinion, after having regard to all relevant factors, the positive aspects of the Share Buyback outweigh the negative aspects of the Code Shareholders retaining any increase in their voting rights as a result of the Share Buyback from the perspective of the Non-associated Shareholders.

Our evaluation of the merits is set out in detail in sections 2.3 to 2.9. In summary, the key factors leading to our opinion are:

- the rationale for the Share Buyback is sound. It is an efficient use of capital and may increase liquidity in the Company's shares

- any shares bought back will be bought at a price equal to a maximum of 80% of the assessed asset backing value of each share as assessed by the Board. The Company's shares have generally traded at prices lower than 80% of the assessed asset backing value
- the financial impact of the Share Buyback is relatively minor. Total equity and cash will reduce by approximately $11 million if the maximum 600,000 A Shares and 600,000 B Shares are bought back and the assessed asset backing value per share will increase by 1.4% as the Share Buyback will be undertaken at a discount to the asset backing value
- the Share Buyback will not increase the Code Shareholders' ability to influence the outcome of shareholder voting to any significant degree. At most, their collective voting rights will increase by 4.09% to 42.02%
- the impact of the Share Buyback on Rangatira's share price will most likely be positive
- the Share Buyback will likely improve the liquidity of the Company's shares over the period of the Share Buyback but may reduce the liquidity of the Company's shares after the Share Buyback is completed
- the Share Buyback is unlikely to reduce the attraction of Rangatira as a takeover target
- the implication of the Share Buyback Resolution not being approved is that the Share Buyback would not proceed. The Board could subsequently decide to implement the Share Buyback without seeking shareholder approval but the Code Shareholders would be required to sell down their shareholdings to return their percentage holdings to pre-buyback levels within 6 months of the increases. This may place downward pressure on the Company's share price and / or may reduce the Board's inclination to undertake buybacks.

2.3 Rationale for the Share Buyback

Board's Rationale

The Board has been conscious of the very infrequent trading in Rangatira's shares over recent months and the considerable discount in prices bid compared with the assessed asset backing.

The Board considers the Share Buyback to be in the best interests of the Company and its shareholders as:

- the consideration payable by the Company for the shares under the Share Buyback will be less than the assessed asset backing value of those shares at the time of the buyback
- acquiring shares where the share price is less than the assessed asset backing value of those shares is considered to be an efficient use of capital
- shareholders have total discretion to choose whether to participate in the Share Buyback so they can decide whether to take some or all of their investment back in the form of cash or continue to hold their shares
- the Share Buyback may increase liquidity in the Company's shares.

Finance Theory

The benefits of share buybacks have long been the focus of academic research and practitioners' debate. It is generally accepted that share buybacks can affect value as follows:

- by supporting the share price
- by being an efficient use of capital
- by creating a more efficient capital structure.

In reality however the impacts can be difficult to quantify.

Supporting the Share Price

There is some evidence to suggest that a share buyback has a signalling effect to the market. A share buyback could indicate to the market that a company's management is so confident of the company's prospects that it believes the best investment the company can make is in its own shares. On the other hand, the announcement of a share buyback has in instances been deemed an admission that the company cannot identify any other value creating opportunities in which to invest its capital.

A share buyback can also act to support a company's share price by creating buy-side demand.

Efficient use of Capital

Companies often undertake share buybacks when they are of the view that the market is undervaluing their shares, therefore buying back those shares at the market price is an efficient use of the company’s capital.

Capital Structure

The share buyback is effectively an exchange of equity for debt, thereby increasing a company’s leverage. In finance theory, increasing leverage can provide several benefits, such as:

- interest payments on debt are tax deductible, which means that the after-tax cost of debt is generally below shareholders' expected return on equity, hence reducing the company's average cost of capital
- debt supposedly serves as a discipline for a company's managers. Unlike equity, the need to pay cash to bondholders and banks prevents managers from investing in projects that earn returns below the company's cost of capital.

Conclusion

Having considered all of the above, we are of the view that the rationale for the Share Buyback is sound.

2.4 Terms of the Share Buyback

The key terms of the Share Buyback are:

- the Company intends to acquire up to an aggregate of:
  - 600,000 A Shares, being 9.73% of the A Shares currently on issue
  - 600,000 B Shares, being 5.20% of the B Shares currently on issue
- the consideration for each share will be equal to a maximum of 80% of the assessed asset backing value of each share as set out in the last public announcement of that assessed asset backing value made by Rangatira prior to the Share Buyback offer
- the Share Buyback offer(s) will be made between 4 August 2014 and 4 August 2017. However, the Company will not be obliged to make offers and may cease doing so at any time
- each share acquired under the Share Buyback, up to 5% of the number of shares of the same class previously issued by Rangatira, will be held by the Company as treasury shares.

We consider the terms of the Share Buyback to be in line with normal commercial terms for a transaction of this nature, other than in respect of the buyback price. The price at which the shares will be bought back will not be based on the prevailing market price but based on a discount to the assessed asset backing value.

An analysis of the Company's share trading is set out in section 2.7:

- the A Shares last traded on 30 May 2014 at $8.50, representing 76% of the assessed asset backing value of $11.20. Since 5 January 2011, the A Shares have traded at between 65% and 85% of the assessed asset backing value
- the B Shares last traded on 6 November 2013 at $8.50, representing 76% of the assessed asset backing value of $11.20. Since 5 January 2011, the B Shares have traded at between 63% and 81% of the assessed asset backing value.

The proposed consideration of a maximum of 80% of the assessed asset backing value is at the top end of the range in which the shares have traded in recent times.

2.5 Financial Impact of the Share Buyback

Rangatira's adjusted total equity (including the Board's assessment of the market value of the Company's unlisted investments) as at 31 March 2014 was approximately $198 million, which equated to $11.20 per share as at that date. The Company held approximately $30 million of cash and cash equivalents at that date and interest bearing debt of approximately $4 million.

Assuming the Share Buyback offer is at $8.96 per share (being the maximum 80% of the current $11.20 assessed asset backing), the buyback of the maximum 600,000 A Shares and 600,000 B Shares will require a cash outlay of approximately $11 million.

For illustrative purposes, using the Company's 31 March 2014 financial position and assuming the maximum 600,000 A Shares and 600,000 B Shares are bought back and cancelled, this will result in adjusted total equity reducing from approximately $198 million to approximately $187 million and adjusted equity per share increasing by 1.4% from $11.20 to $11.36.

2.6 Impact on Control

Capital Structure and Shareholders

Rangatira currently has 6,165,000 A Shares and 11,547,000 B Shares on issue. All the shares are fully paid.

The A Shares and B Shares rank equally, except that the B Shares carry restricted voting rights. These are restricted to voting on proposals to:

- sell the whole of the Company's undertaking
- alter its constitution.

The B shareholders are not entitled to participate in future cash issues unless the A shareholders agree.

The 6,165,000 A Shares are held by 192 shareholders and the 11,547,000 B Shares are held by 171 shareholders.

The names, number of shares and percentage holding of the 10 largest holders of A Shares and B Shares as at 12 June 2014 are set out below.

Rangatira's 10 Largest Shareholders

A Shareholder	**No. of A Shares Held**	**%**
Emetine International Limited (**Emetine**)	872,674	14.16%
The Trust	402,481	6.53%
Robyn Gibson	392,912	6.37%
Forsyth Barr Custodians Limited	308,650	5.01%
Nga Manu Trust	298,000	4.83%
Ruth McKenzie	272,744	4.42%
William Fletcher, Fay Fletcher and Mark Paget	180,000	2.92%
Joy Heke	162,763	2.64%
Michael Gee-Taylor, Annette Gee-Taylor and Lloyd Evans	156,100	2.53%
Joy Heke, Tony Laird and William MacDonald	154,437	2.51%
Subtotal	3,200,761	51.92%
Others (182 shareholders)	2,964,239	48.08%
Total A Shares	6,165,000	100.00%
B Shareholder	**No. of B Shares Held**	**%**
The Trust	8,698,975	75.34%
Outward Bound Trust of New Zealand Foundation	237,500	2.06%
J R McKenzie Youth Education Fund	231,900	2.01%
Te Omanga Hospice Trust	172,500	1.49%
Emetine	130,100	1.13%
Seabrook McKenzie Trust Incorporated	130,000	1.13%
McKenzie Centre Trust Incorporated	115,000	1.00%
National Foundation for the Deaf Incorporated	100,000	0.87%
Birthright New Zealand Incorporated	89,000	0.77%
New Zealand Society for Music Therapy Incorporated	81,500	0.71%
Subtotal	9,986,475	86.49%
Others (161 shareholders)	1,560,525	13.51%
Total B Shares	11,547,000	100.00%

Source: Rangatira

The Code Shareholders collectively hold:

- 2,338,617 A Shares, representing 37.93% of the total A Shares
- 8,802,225 B Shares, representing 76.23% of the total B Shares.

Shareholder Voting

Any A shareholder that does not participate in the Share Buyback will see an increase in their respective percentage of votes held or controlled, even though they will not increase the actual number of A Shares they hold.

If the Code Shareholders do not participate in the Share Buyback, then the Share Buyback will result in the Code Shareholders holding between 37.93% and 42.02% of the Company's voting rights in the Company, depending on the number of A Shares bought back from the Non-associated Shareholders and assuming no other A Shares are issued during this time.

The impact of the increase in the Code Shareholders' collective control of voting rights from 37.93% to a maximum of 42.02% will not be significant on shareholder voting.

Assuming that the Code Shareholders vote in unison as one block of shares (which may not necessarily be the case), then they currently hold a strategic shareholding with the ability to block special resolutions (which require the approval of 75% of the votes cast by shareholders) and influence the outcome of ordinary resolutions (which require the approval of more than 50% of the votes cast by shareholders).

Under the Act, a special resolution is required to:

- adopt, alter or revoke a company's constitution
- approve a major transaction
- approve an amalgamation of a company
- place a company in liquidation.

While a 37.93% interest in the A Shares is technically not sufficient to control the outcome of an ordinary resolution, in reality, it probably is in a widely-held company with 192 A shareholders (as Rangatira currently has). This is because a number of shareholders in widely-held companies tend not to vote on resolutions and hence the relative weight of the 37.93% interest increases.

The increase in the level of voting rights from 37.93% to a maximum of 42.02% will not change the Code Shareholders' ability to block a special resolution. It will however increase their ability to control the outcome of an ordinary resolution to some degree. However, it cannot be assumed as a certainty that the Code Shareholders would vote in unison as one block of shares.

The ability for any shareholder to influence the outcome of voting on the Company's special resolutions or ordinary resolutions may be reduced by external factors such as the Company's constitution and the Act.

Board of Directors

The directors of Rangatira are:

- Nick Calavrias
- Keith Gibson, deputy chair
- Lindsay Gillanders
- Sophie Haslem
- Sam Knowles
- David Pilkington, chair
- Richard Wilks.

We are advised by the Board that the approval of the Share Buyback will not have any impact on the level of control of the Board by the Code Shareholders.

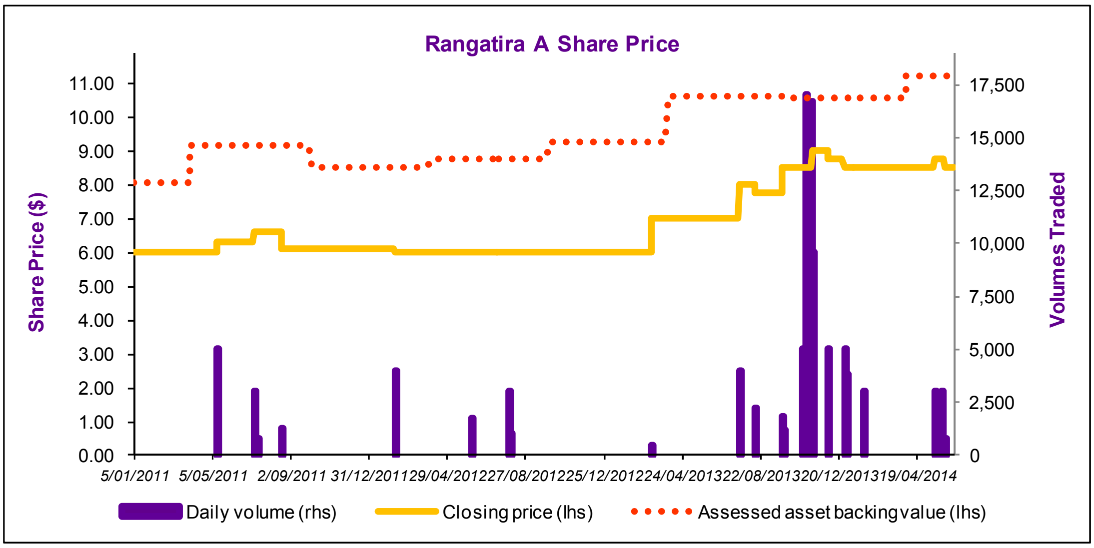
Operations

We are advised by the Board that the Share Buyback will not have any impact on the level of influence of the Code Shareholders over the Company's operations.

2.7 Impact on Share Price and Liquidity

Share Price

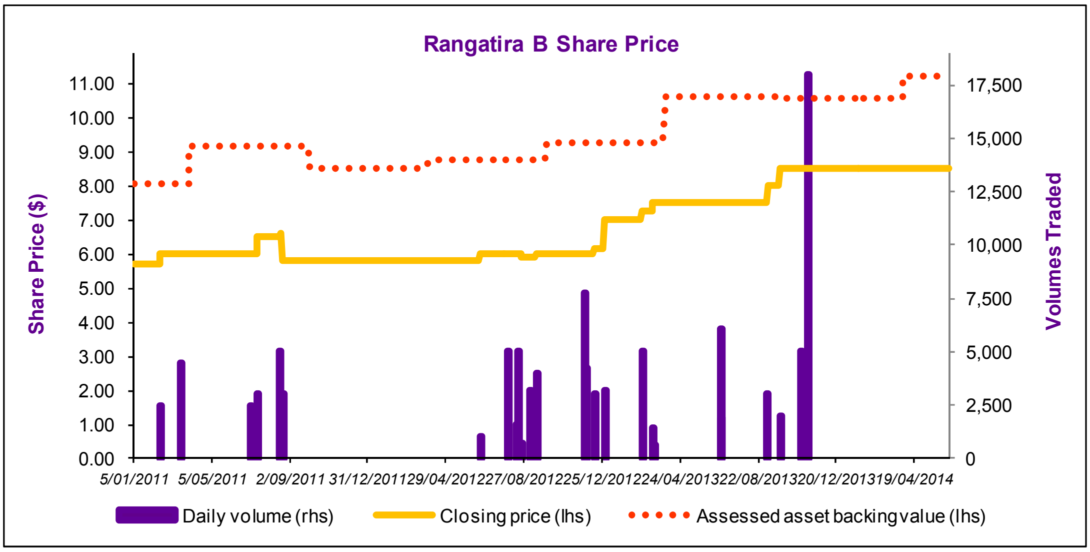
Set out below is a summary of Rangatira's daily closing share price and daily volumes of A Shares and B Shares traded from 5 January 2011 to 12 June 2014 on Unlisted.



Source: Unlisted

During the period, 114,300 A Shares have traded between $6.00 and $9.00 at a volume weighted average share price (**VWAP**) of $8.11.

The A Share prices have ranged between 65% and 85% of the assessed asset backing value.



Source: Unlisted

During the period, 102,200 B Shares have traded between $5.70 and $8.50 at a VWAP of $6.95.

The B Share prices have ranged between 63% and 81% of the assessed asset backing value.

Liquidity

Trading in the Company's shares is extremely thin, reflecting that approximately 38% of the A Shares and 76% of the B Shares are held by the Code Shareholders.

An analysis of VWAP, traded volumes and liquidity (measured as traded volumes as a percentage of total shares outstanding) is set out below.

Rangatira Share Trading

Period	Low [1] $	High [1] $	VWAP [1] $	Volume Traded [1]	Liquidity [1]
A Shares					
1 month	8.50	8.75	8.72	6,800	0.1%
3 months	8.50	8.75	8.72	6,800	0.1%
6 months	8.50	8.75	8.58	18,600	0.3%
12 months	7.00	9.00	8.52	94,000	1.5%
B Shares					
1 month	n/a	n/a	n/a	-	n/a
3 months	n/a	n/a	n/a	-	n/a
6 months	n/a	n/a	n/a	-	n/a
12 months	7.50	8.50	8.24	36,000	0.3%

n/a: Not applicable as the shares did not trade

1 To 12 June 2014

Source: Unlisted

If Rangatira undertakes the Share Buyback to the maximum extent, it will repurchase 600,000 A Shares, representing 9.73% of the total A Shares currently on issue and 600,000 B Shares, representing 5.20% of the total B Shares on issue.

Only 1.5% of the A Shares and 0.3% of the B Shares traded in the past year. If the Share Buyback is undertaken to the maximum extent, it will significantly exceed the level of trading in Rangatira shares and thus will greatly improve the liquidity of the Company's shares over the period of the Share Buyback.

However, the Share Buyback will reduce the free float (ie those shares held by the Non-associated Shareholders and available to be freely traded) by up to 600,000 A Shares (representing approximately 16% of the A Shares free float) and up to 600,000 B Shares (representing approximately 22% of the B Shares free float). Accordingly, whilst the Share Buyback will provide some short term liquidity in the form of buy-side demand, in the longer term, the liquidity of Rangatira's shares may reduce.

2.8 Benefits and Disadvantages to Non-associated Shareholders

Key Benefits

The key benefits to the Non-associated Shareholders of the Share Buyback are that it provides the Board with a capital management tool and that it will likely increase the liquidity of the Company's shares over the period of the Share Buyback.

There is no compulsion for Non-associated Shareholders to accept the Share Buyback offer. Acceptance of the offer is at their discretion. However, if Non-associated Shareholders wish to sell some or all of their investment in Rangatira, then the Share Buyback may provide an opportunity to realise a price that is higher than could otherwise be realised by selling their shares on Unlisted.

Main Disadvantage

The main disadvantage is that the Share Buyback may increase the Code Shareholders' collective voting rights in the Company from 37.93% to up to 42.02%, thereby increasing the Code Shareholders' ability to control the outcome of shareholder voting to some degree. However, we do not consider this level of increase to be significant.

Unlikely to Change the Likelihood of a Takeover Offer from the Code Shareholders

As long as the Code Shareholders hold more than 20% and not more than 50% of the voting rights in the Company, they cannot increase the level of their shareholding unless they comply with the provisions of the Code. They will only be able to increase their level of voting rights in the Company if:

- they make a full or partial takeover offer or
- a share acquisition is approved by way of an ordinary resolution of the Non-associated Shareholders or
- the Company makes an allotment of shares which is approved by way of an ordinary resolution of the Non-associated Shareholders.

The Code Shareholders are seeking to increase their collective voting rights from 37.93% to up to 42.02% under the Share Buyback by way of shareholder approval. Assuming the Share Buyback is approved, the Code Shareholders will not be able to increase their shareholding beyond 42.02% unless they comply with the provisions of the Code.

We are not aware of any intention on the Code Shareholders' part to make a takeover offer. However, if they did have such intent, an increase in their collective voting rights from 37.93% to up to 42.02% is unlikely to reduce the likelihood of a takeover offer for the Company as the increase in the level of voting rights is not significant.

Likelihood of Other Takeover Offers Does not Change

Any bidder looking to fully take over the Company would need to ensure that the Code Shareholders would accept its offer, irrespective of whether they collectively controlled 37.93% or 42.02% of the voting rights in the Company.

In the event that a bidder made a partial takeover offer for (say) 50.1% of the Company, the increase in the Code Shareholders' control of voting rights to up to 42.02% would technically still be insufficient to prevent a successful partial takeover at that level of control.

However, the bidder would most likely need to ensure that the Code Shareholders would accept its offer (or at least accept the offer in respect of some of their shares), irrespective of whether they collectively controlled 37.93% or 42.02% of the voting rights in the Company, so as to ensure the success of the offer.

In our view, the increase in the Code Shareholders' collective voting rights from 37.93% to up to 42.02% is unlikely to reduce the attraction of Rangatira as a takeover target to other parties.

2.9 Implications of the Share Buyback Resolution not Being Approved

In the event that the Share Buyback Resolution is not approved, then the Share Buyback will not proceed. The Board could decide at a later date to implement the Share Buyback without seeking shareholder approval, in which case the Code Shareholders would be required to sell down their A shareholdings to return their percentage holdings to pre-buyback levels within 6 months of any increase in their control of voting rights in the Company.

Such a scenario is potentially disadvantageous to Non-associated Shareholders as:

- it may lead the Board to reconsider the degree to which it undertakes buybacks and hence reduce the ability for Non-associated Shareholders to sell their shares
- the forced sale of shares by the Code Shareholders may place downward pressure on the Company's share price.

2.10 Voting on the Share Buyback Resolution

Voting on the Share Buyback Resolution is a matter for individual shareholders based on their own views as to value and future market conditions, risk profile and other factors. Shareholders will need to consider these consequences and consult their own professional adviser if appropriate.

3. Sources of Information, Reliance on Information, Disclaimer and Indemnity

3.1 Sources of Information

The statements and opinions expressed in this report are based on the following main sources of information:

- the draft notice of annual meeting
- the Exemption Notice
- the Rangatira annual reports for the year ended 31 March, 2011 to 2014
- extracts from the Board minutes dated 11 February 2013 in respect of the Share Buyback
- shareholder data from Rangatira
- share price data from Unlisted.

During the course of preparing this report, we have had discussions with and / or received information from the Board and executive management of Rangatira and Rangatira's legal advisers.

The Board has confirmed that we have been provided for the purpose of this Independent Adviser's Report with all information relevant to the Share Buyback that is known to them and that all the information is true and accurate in all material aspects and is not misleading by reason of omission or otherwise.

Including this confirmation, we have obtained all the information that we believe is desirable for the purpose of preparing this Independent Adviser's Report.

In our opinion, the information to be provided by Rangatira to the Non-associated Shareholders is sufficient to enable the Board and the Non-associated Shareholders to understand all the relevant factors and to make an informed decision in respect of the Share Buyback.

3.2 Reliance on Information

In preparing this report we have relied upon and assumed, without independent verification, the accuracy and completeness of all information that was available from public sources and all information that was furnished to us by Rangatira and its advisers.

We have evaluated that information through analysis, enquiry and examination for the purposes of preparing this report but we have not verified the accuracy or completeness of any such information or conducted an appraisal of any assets. We have not carried out any form of due diligence or audit on the accounting or other records of Rangatira. We do not warrant that our enquiries would reveal any matter which an audit, due diligence review or extensive examination might disclose.

3.3 Disclaimer

We have prepared this report with care and diligence and the statements in the report are given in good faith and in the belief, on reasonable grounds, that such statements are not false or misleading. However, in no way do we guarantee or otherwise warrant that any forecasts of future profits, cash flows or financial position of Rangatira will be achieved. Forecasts are inherently uncertain. They are predictions of future events that cannot be assured. They are based upon assumptions, many of which are beyond the control of Rangatira and its directors and management. Actual results will vary from the forecasts and these variations may be significantly more or less favourable.

We assume no responsibility arising in any way whatsoever for errors or omissions (including responsibility to any person for negligence) for the preparation of the report to the extent that such errors or omissions result from our reasonable reliance on information provided by others or assumptions disclosed in the report or assumptions reasonably taken as implicit.

Our evaluation has been arrived at based on economic, exchange rate, market and other conditions prevailing at the date of this report. Such conditions may change significantly over relatively short periods of time. We have no obligation or undertaking to advise any person of any change in circumstances which comes to our attention after the date of this report or to review, revise or update this report.

We have had no involvement in the preparation of the notice of annual meeting issued by Rangatira and have not verified or approved the contents of the notice of annual meeting. We do not accept any responsibility for the contents of the notice of annual meeting except for this report.

3.4 Indemnity

Rangatira has agreed that, to the extent permitted by law, it will indemnify Simmons Corporate Finance and its directors and employees in respect of any liability suffered or incurred as a result of or in connection with the preparation of the report. This indemnity does not apply in respect of any negligence, wilful misconduct or breach of law. Rangatira has also agreed to indemnify Simmons Corporate Finance and its directors and employees for time incurred and any costs in relation to any inquiry or proceeding initiated by any person. Where Simmons Corporate Finance or its directors and employees are found liable for or guilty of negligence, wilful misconduct or breach of law or term of reference, Simmons Corporate Finance shall reimburse such costs.

4. Qualifications and Expertise, Independence, Declarations and Consents

4.1 Qualifications and Expertise

Simmons Corporate Finance is a New Zealand owned specialist corporate finance advisory practice. It advises on mergers and acquisitions, prepares independent expert's reports and provides valuation advice.

The person in the company responsible for issuing this report is Peter Simmons, B.Com, DipBus (Finance), INFINZ (Cert).

Simmons Corporate Finance and Mr Simmons have significant experience in the independent investigation of transactions and issuing opinions on the merits and fairness of the terms and financial conditions of the transactions.

4.2 Independence

Simmons Corporate Finance does not have at the date of this report, and has not had, any shareholding in or other relationship with Rangatira or the Code Shareholders or any conflicts of interest that could affect our ability to provide an unbiased opinion in relation to the Share Buyback.

Simmons Corporate Finance has not had any part in the formulation of the Share Buyback or any aspects thereof. Our sole involvement has been the preparation of this report.

Simmons Corporate Finance will receive a fixed fee for the preparation of this report. This fee is not contingent on the conclusions of this report or the outcome of the voting in respect of the Share Buyback. We will receive no other benefit from the preparation of this report.

4.3 Declarations

An advance draft of this report was provided to the Board for its comments as to factual accuracy of the contents of the report. Changes made to the report as a result of the circulation of the draft have not changed the methodology or our conclusions.

Our terms of reference for this engagement did not contain any term which materially restricted the scope of the report.

4.4 Consents

We consent to the issuing of this report in the form and context in which it is to be included in the notice of annual meeting to be sent to Rangatira's shareholders. Neither the whole nor any part of this report, nor any reference thereto may be included in any other document without our prior written consent as to the form and context in which it appears.

Peter Simmons
Director
Simmons Corporate Finance Limited
13 June 2014