

Yovich & Co. Market Update

4 August 2021

As at 30 July	NZX 50G	All Ords	Shanghai	FTSE	Dow	NASDAQ	NZDAUD	NZDUSD	OCR
Previous Week	12736.32	7670.88	3550.40	7027.58	35061.55	14836.99	0.9469	0.6972	0.25%
Week Close	12594.52	7664.19	3397.36	7032.30	34935.47	14672.68	0.9492	0.6974	0.25%
Change	-1.11%	-0.09%	-4.31%	0.07%	-0.36%	-1.11%	0.24%	0.03%	0.00%

In summary, the NZX50G had 30 companies on the downside, 3 remained unchanged and 17 companies were on the upside. The month in review saw that the NZ50G was down 0.47%, NASDAQ up 1.16%, DOW up 1.25% and the XAO (Australian market) up 1.04%. The Australian Government has announced a three stage COVID-19 response plan. Phase B 70% of adult population fully vaccinated before reopening states, Phase C 80% before opening the country's borders, Phase B is expected to be achieved year end. The two biggest world economies (USA & China) are getting another wave of COVID-19, slowing expectations of an economic recovery. This is illustrated by the US government bond yields reducing from 1.74% at 1 April 2021 and currently at 1.17%. Locally the ANZ Business Outlook Survey showed that business confidence eased 3 points to -3.8%, Firms' own activity outlook was down 6% to 26.3%, capacity utilisation fell 5 points to 19.2%. Cost expectations rose 2 points at net 88% with 61.3% of respondents intending to raise their prices.

The biggest movers of the week ending 30 July

Down		Up	
The a2 Milk Company Limited	12.89%	Mainfreight Limited	5.87%
Serko Limited	5.56%	Z Energy Limited	7.66%
Pushpay Holdings Limited	3.41%	Skellerup Holdings Limited	2.00%

Investment News

Ryman Healthcare

Has bought a new site at Mulgrave in south-east Melbourne which will be developed into the company's twelfth village in Victoria. The 4.6-hectare site will include villas, apartments and an integrated aged care centre and has an existing approval for a retirement village development for more than 350 residents. Group Chief Executive Mr MacLeod told shareholders that 97% of Ryman's build programme for the next two years had resource consent or development approval, giving it a strong runway for growth. Ryman's landbank includes 4,007 units and beds in New Zealand and 2,399 in Victoria. Ryman has had a record start to the year with cash receipts of \$403m in the first quarter, up 83% on last year. Total net assets are up 23.0% at \$2.83b, with total assets up 19.5% at \$9.17b. Occupancy at their established care centres was running at 97%.

Current Share Price: \$13.33, **Forecasted dividend yield:** 2.26%.

NZ Rural Land Company

Released to the market that its unaudited net asset value (NAV) per share is \$1.3351 as at 30 June 2021. Dividend forecasts will be presented to investors with the Annual Result towards the end of August. Investors are expected to receive their first dividend payment in February 2022. Subject to audit completion, a performance fee of \$1.183 million has been calculated as payable to NZL's manager. In accordance with the management agreement the performance fee is to be satisfied in shares at \$1.3351 per share. As at 30 June 2021, NZL had approximately \$20.5 million of cash on hand and borrowings of approximately \$54.25 million.

Current Share Price: \$1.09.

Vital Healthcare

NorthWest Healthcare Properties Management Limited (the Manager), as manager of Vital Healthcare Property Trust (Vital), advises that it expects Vital to record \$175m of property revaluation gains over the second half of the financial year ended 30 June 2021. This is a 7.8% increase since 31 December 2020, and is in addition to the \$61m recorded for the six months ended 31 December 2020 and equates to a full year gain of \$235m (subject to rounding), a 11.3% increase, equating to a net tangible asset (NTA) increase of 45 per share. The revaluation gain is, after allowing for \$269m completed acquisitions, \$127m of capital additions (primarily development), \$101m of disposals and Forex impacts, would take Vital's property portfolio above \$2.63 billion.

Current Share Price: \$3.16, **Forecasted dividend yield:** 2.81%,

Afterpay

Has announced that Square (a US listed fintech company) has entered into a Scheme Implementation Deed. Where Square has agreed to acquire all of the issued shares in Afterpay for A\$39b (US \$29b). The transaction will be recorded for the Australian Stock Exchange. Under the terms of the Scheme Implementation Deed, which has been approved by the members of the Boards of Directors of both Square and Afterpay, Afterpay shareholders will receive a fixed exchange ratio of 0.375 shares of Square for each Afterpay share they hold on the record date. Square has agreed to establish a secondary listing on the Australian Securities Exchange (ASX) to allow Afterpay shareholders to trade Square shares via CHESS Depository. This values Afterpay at over A\$135.00 per share.

Current Share Price: A\$128.38.

Genesis Energy

Advises that the arbitration process in respect of a dispute relating to carbon liability under the terms of a long-term gas supply agreement with Beach Energy (ASX:BPT) has concluded unfavourably. Arbitration was based on whether carbon liability for the gas supplied was with the producer (Beach) or the buyer (Genesis). As a result, Genesis is required to meet the carbon liability for the gas supplied since 2018 and for the remainder of the unexpired term of the agreement (2025). Genesis will be impacted by \$53 million in respect of a one-off payment and other costs to 30 June 2021. FY21 EBITDAF guidance has been updated to \$358 million. The Board are still to decide on the FY21 final dividend, but this decision is unlikely to impact the final payment.

Current Share Price: \$3.39, **Forecasted dividend yield:** 5.08%.

Air New Zealand

Has forecast its losses to increase after the government suspended quarantine-free travel with Australia for two months. The airline said its loss for the financial year that ends June 2022 will be as much as NZ\$530m before tax and significant items, compared with a previous forecast of about NZ\$450m, comparable to the 2021 financial year. Air New Zealand said it will tap in on the NZ\$1.5 billion government loan by the end of August because its operating cashflow has reduced. The carrier, half-owned by the New Zealand government, said it had last drawn on the credit facility in February and its borrowings from it, total NZ\$350 million. Air New Zealand plans to call on shareholders for a cash injection by the end of September.