

Yovich & Co. Market Update

14 September 2021

As at 10 September	NZX 50G	All Ords	Shanghai	FTSE	Dow	NASDAQ	NZDAUD	NZDUSD	OCR
Previous Week	13288.87	7826.72	3581.73	7138.35	35369.09	15363.52	0.9599	0.7151	0.25%
Week Close	13064.39	7706.20	3703.11	7029.20	34607.72	15115.49	0.9669	0.7113	0.25%
Change	-1.69%	-1.54%	3.39%	-1.53%	-2.15%	-1.61%	0.74%	-0.54%	0.00%

In summary, the NZX50G had 42 companies on the downside, 1 remained unchanged and 7 companies were on the upside. The NZX50G closed the week down -1.69%, almost wiping all the gains from the week ending 3 September. The NZ dollar continues to appreciate against the USD and AUD, 0.71 and 0.95 respectively, as talk regarding OCR hike is back in the news, with analysts expecting at least a 0.25% increase in October.

The biggest movers of the week ending 10 September			
Down		Up	
Serko Limited	7.57%	Kathmandu Holdings Limited	5.80%
Synlait Milk Limited	7.46%	Pushpay Holdings Limited	5.14%
Ryman Healthcare Limited	5.06%	Sky Network Television Limited	2.44%

Investment News

Third Age Health Services

Is a provider of primary care services to the aged residential care (ARC) sector, services are provided by way of both physical attendances and offsite service provision. Revenue generation is through services under contracts for service with ARC providers, who pay fees to Third Age Health according to those contracts. Third Age Health also generates revenue when they enrol a patient into their practice, or when they provide services through their primary care medical centre. The acquisition of Belmont Medical Centre Ltd for \$180,000 is expected to settle 1 October. Belmont Medical was established in May 1994 and serves the Devonport Peninsula on Auckland's North Shore, providing comprehensive medical care to members of that community. Based on the financial results of the group for the year ended 31 March 2021, the acquisition, on an annual basis is expected to contribute at least 10% to annual revenues and be accretive to annual earnings per share by between 3-5%.

Current Share Price: \$2.32, Historical dividend yield (including special): 8.48%.

Green Cross Health

Has invested in an online pharmacy business that sorts and delivers prescription medicine and provides care, advice and support to customers. It has taken a 25 per cent shareholding in health technology company PillDrop. Group CEO Rachael Newfield said "PillDrop is to ensure we are adapting and working in the new digital health environment. It's part of our journey in the digital and telehealth market and it complements our existing offer. It's about keeping up with the changing needs and wants of our customers." PillDrop has DHB contracts across the country and is already providing a full-service digital direct-to consumer pharmacy solution.

Current Share Price: \$1.16.

ANZ Capital Notes

Offer was well demanded by investors. The set interest rate for the first 5 years (until the first optional redemption date being 17 September 2026), is 2.99% per annum (paid quarterly). The Notes are expected to be quoted on the NZX Debt Market under the ticker code ANB170 on 20 September 2021. The Issue Date is 17 September 2021. If you would like to know your allocation, please contact your adviser.

Bond Offer Price \$1.00, Forecasted Coupon Rate: 2.99%.

Barramundi

Has advised that the exercise price of the Barramundi Warrants (BRMWF.nz) is \$0.64 per warrant. Barramundi shareholders as of 2 October 2020 were issued one warrant for every four shares held. The exercise date for these warrants is 29 October 2021.

Current Share Price: \$1.04, Historical dividend yield: 6.19%.

Stride Property Group

Announced an intention to establish a new office fund. This will take place by way of demerger and a NZX listing of SPL's wholly-owned Fabric Property Limited (Fabric). Stride Property established Fabric as a subsidiary in November 2020 to invest in commercial office property in NZ, primarily located in Auckland and Wellington. The structure of the offer is that shareholders of Stride as at 12 September 2021 will be given 1 share in Fabric for every 4 Stride Property Group shares. These shareholders are also eligible to partake in the IPO which is expected to open 21 September 2021. The IPO at an indicative price range of \$1.20-\$1.30. The Capital structure is to be as indicated below. Gearing upon completion of the demerger, SPL's direct gearing is expected to reduce from 39.7% to between 10.0% - 21.4%, creating headroom for future growth.

Fabric Share Structure	Number of shares	Percentage of ownership
Shares issued under IPO	193.3m to 241.7m	42.0% to 50.6%
Distributed by Stride to current Stride shareholders	118.3m	24.8% to 25.8%
Shares held by Stride following offer	117.3m to 147.3m	24.6% to 32.2%
Total number of shares following the offer	457.9m to 477.3m	100%

The issue of offer shares is conditional upon at least \$250m being raised by Fabric and the demerger from Stride occurring.

Current Share Price: \$2.66, Forecasted dividend yield: 3.99%, Target Price: \$2.42.

Sydney Airport

Has received a revised indicative, conditional and non-binding proposal from the Sydney Aviation Alliance (Consortium) to purchase 100% shares in Sydney Airport for an indicative price of AU\$8.75 per share (AU\$23.6b). This is an increase of 50 cents per share from the original offer dated 5 July 2021. The Board of Sydney Airport has granted the Consortium the opportunity to conduct due diligence on a non-exclusive basis to enable them to put forward a binding proposal. Should the Consortium make a binding offer at \$8.75 per share, terms of trade are acceptable to the Board and in absence of a superior proposal then the Board is to unanimously recommend that shareholders take up the offer.

Current Share Price: \$8.37, Takeover offer price: \$8.75.

Briscoe Group

Tax paid profit for the 1H ending 1 August 2021 was up 69.6% at \$47.4m, revenue up 22.6% at \$358m, NTA up from \$1.07 to \$1.26 per share. Online sales as mix of total group sales at 16.16%. Briscoes received a \$0.96m dividend from its investment in Kathmandu Holdings during this reporting period (no dividend received last year). The Board expects (depending on COVID-19 impacts) NPAT to surpass last year's record of \$73.2m and up to \$85m. An interim gross dividend of 15.97 cents per share is payable 14 October and has an ex-dividend date 21 September.

Current Share Price: \$7.00, Forecasted dividend yield: 3.79%, Target Price: \$7.24.