From: Stephen Mayne [mailto:stephen@maynereport.com]
Sent: Friday, 2 April 2021 5:49 AM
To: 'michael.brown@computershare.com.au'
Cc: simon jones; Stuart Irving
Subject: requests re Computershare capital raising

Hi Michael, Simon and Stuart,

Apologies for the early morning email on Good Friday but I'm about to hit the road with the family for a few days and wanted to get this into your in-boxes with maximum time for consideration, given the nature of the requests.

First up, well done for going with the PAITREO structure for your capital raising. It is the fairest thing to do for retail shareholders who have been diluted out of billions of dollars in value through hundreds of badly structured capital raisings since the GFC.

I hope you are enjoying all the much-deserved good press, in contrast to what happened to Bank of Queensland: https://www.maynereport.com/articles/2021/03/31-0744-7785.html

As you can see from this list, I've been tracking PAITREO outcomes for a decade, particularly the question of who gets the bigger compensation payment out of non-participating retail and institutional shareholders: https://www.maynereport.com/articles/2015/06/04-2219-5118.html

It would be great if non-participating retail shareholders received more than the $1.50 paid to non-participating institutional shareholders, although that is looking unlikely after Thursday's trade. Rather than waiting to sell the full shortfall in one go on April 22, you might want to charge UBS and Goldmans with the challenge of innovating to try and maximise the price. Why not pre-sell some on market before April 22 whenever a price exceeding $15.05 can be achieved? I appreciate this may be legally challenging but investment banks don't have any incentive to maximise the price of retail shortfalls so it would be good if issuers put some pressure on to address this.

On another front, in recent years I've been pushing issuers to increase disclosure in terms of participation rates in capital raising, hence this email request.

Here is the best practice disclosure list I'm hoping to add Computershare to:
https://www.maynereport.com/articles/2019/08/06-0036-7619.html

Specifically, it comes down to your next announcement on the capital raising and it would be great if you could embrace the Transurban model from 2018:
https://www.asx.com.au/asxpdf/20180129/pdf/43r3l1mpb2t8dw.pdf

Sydney Airport almost got it perfect last year too, only declining to say how many retail shareholders were sent the entitlement offer. See:
https://www.asx.com.au/asxpdf/20200907/pdf/44mdmgmpwdjqgp.pdf

Taking the words used by both Transurban and Sydney Airport and adding the one missing element, this is how you would do it, although obviously I'm guessing on the numbers:

"The retail offer was open to 36,542 Computershare shareholders and 19,834 elected to partially or fully take up their entitlements, reflecting a participation rate of 54.27% as measured by shareholder numbers. Total retail applications amounted to 13.57 million shares worth $183.9 million based on the $13.55 offer price, reflecting a take up rate of 51.8% by value for the overall $355 million offer. In addition to this, retail entitlements worth approximately $19 million were traded on the ASX between Monday, March 29 and Monday, April 12, in a range between 89c and $1.50. The VWAP for retail entitlements traded was 1.15."

In terms of the final announcement at the conclusion of the retail shortfall, it would be great if Computershare could set a new precedent by talking about what UBS and Goldman Sachs did to maximise participation in the auction and then say how many different bidders were allocated stock and also mention the discount achieved against the previous close. The wording would be something like this:

"A total of 9.3 million retail entitlements were available for sale on behalf of the 16,708 Computershare retail shareholders who chose not to sell their rights on market or fully participate in the entitlement offer. In an attempt to maximise participation in the retail shortfall auction, the OnmarketBookbuilds platform was used in the auction and a variety of retail brokers were invited to participate on behalf of their clients, in addition to the usual institutional participants. A total of 287 parties participated in the auction and 86 bidders were successful, paying a collective $140.9 million after the stock cleared at the maximum possible price of $15.15. This reflected a discount of just 0.98% or 15c against the previous close of $15.30. This $15.15 payment comprises $13.55 per share for the new shares and a premium payment of $1.60 per entitlement or $14.88 million in total which will be paid to the 16,708 non-participating holders. The average non-participating retail shareholder will receive a payment of $1122, a payment which would not have happened if the offer was structured as a non-renounceable with no compensation for non-participants."

In terms of auction number disclosures, the precedent is what the Federal Government does with every bond auction as you see here: https://us20.campaign-archive.com/?u=06699a32ac8c4fcee7a2ad147&id=f61626db6d

Finally, it would also be good if you could clarify what Chris and Penny did, both in terms of whether they participated and whether this was through the institutional or retail offer. If all directors took up their rights in full, it would be good to also include that in the announcement.

Well done again for going with a PAITREO and I hope you are prepared to put some icing on the top in terms of these disclosure requests and some new measures to maximise the compensation payment to non-participating retail shareholders.

There is quite a bit in this request so I would be happy to engage on the detail with yourselves and/or the investment bankers after Easter if you need any more information or clarification.

Looking forward to your reply.

Best wishes

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