

22 February 2019

CSN/Holder Number:

Dear Shareholder

### **Pohutukawa V Investment Update & Call Notice**

It has been a very busy last three months for our Investment Manager Direct Capital with two new portfolio investments (Beca Group and Qestral Corporation) and proceeds received from the realisation of Marvel.

#### *Beca Group Limited Investment*

Direct Capital is proud to confirm an investment in Beca Group Limited, for a small minority shareholding. Beca is one of the most iconic private companies in New Zealand.

Beca is an employee-owned engineering and management consultancy firm, employing more than 3,300 personnel across 20 offices throughout Asia Pacific. Founded in 1918 by Arthur Gray, Beca is a market leader in its field, providing consultancy services across key sectors including Advisory, Building, Industrial, Transport and Infrastructure, and Water.

Beca's long history of consistent growth, leading market position, and high calibre of management were some of the many features that attracted Direct Capital to the investment. In particular, the employee ownership structure of Beca, in which more than 1,000 staff are shareholders, is closely aligned to Direct Capital's core investment principle of aligning investment and company strategy through shareholder partnership.

Pohutukawa V's share of the investment cost is \$2.2 million. **Pohutukawa V settled the Beca investment in late December funded from the 10 cps call paid by you on 21 December. The Beca investment was equivalent to 4.4 cps.**

#### *Qestral Corporation Limited Investment*

Direct Capital is also pleased to confirm an investment in Qestral Corporation Limited, for a 15% minority shareholding. Qestral is a retirement village developer and operator based in Christchurch.

Direct Capital has invested in a minority shareholding in partnership with Qestral's existing executive and non-executive shareholders. The new capital invested by Direct Capital, as well as funds raised from a concurrent and fully-subscribed rights issue to existing Qestral shareholders, will accelerate the company's village expansion programme.

Qestral's portfolio includes Alpine View Lifestyle Village and Burlington Village in Christchurch, and development sites in each of Nelson (elevated in the Port Hills) and Hamilton (with 650m of Waikato River frontage) for which village planning and development is underway. A number of new sites are also being evaluated. The company's design-led resort style villages target the 'young at heart' and offer stand-alone houses and serviced apartments, and have a full continuum of care options available.

Qestral is chaired by John Ryder, who was the joint founder and Managing Director of Ryman Healthcare. Direct Capital's partnership with Qestral continues a long and successful relationship with John which began with Direct Capital's investment in Ryman Healthcare in 1996. Ryman completed its IPO in 1999 and has become one of New Zealand's most successful listed companies. John has been Independent Chairman of Direct Capital since 2008.

Pohutukawa V's share of the investment cost is \$2.1 million.

Please read the press releases on the Beca and Qestral investments in the News section of the Pohutukawa website - [www.pohutukawafund.co.nz/news/2019-news/](http://www.pohutukawafund.co.nz/news/2019-news/).

These transactions bring Pohutukawa V investments to date to \$22 million across six investments, or the equivalent investment cost of 44 cents per PPEV share.

#### *Marvel Packers Realisation*

The Investment Manager also confirms the realisation in late December 2018 of Marvel Packers, the Australian based producer of French fries and other potato based products. Since investing in Marvel Packers, the Investment Manager has been actively working with management and the other shareholders to grow the business, including expanding production capacity, expanding the sales force, and commencing work on a new manufacturing facility. In late 2018, Marvel Packers' shareholders received an unsolicited offer from an international food group seeking to acquire the business. A transaction was ultimately settled in December 2018.

#### ***Distribution of 13 cents per share***

**The proceeds from the Marvel realisation and other accumulated dividends will result in a distribution by Pohutukawa V of approximately 13 cps to be made on or about 15 March.**

#### ***Call of 4 cents per share***

**Pohutukawa V has temporarily funded the Qestral investment through its bank facility and now needs to make a call on investors for an amount of 4 cps.**

**We now provide you with 32 days' notice for a capital call of 4 cents per share which is due for payment on or before 25 March 2019.**

Your Pohutukawa V shares are currently paid to 45 cents per share with a commitment to meet the total subscription price of \$1.00 per share. This 4 cent call will take your total called and paid capital to 49 cents per share.

#### **Call payment details**

**The total of your call payment is shown below. For shareholders with direct holdings please pay your call by direct credit to the bank account detailed.**

**For shareholders who have their shareholding via Custodial Services Ltd (CSL), your Craigs CSL account will be debited for the amount of your call payment prior to 25 March 2019.**

#### **Online payment by direct credit**

Please credit your call payment detailed below to the [Registry's new bank account](#):  
*Computershare Investor Services Limited - ANZ 01-1839-0926540-001*

Payments must quote the Deposit Reference, Name and Date of Payment as shown below to ensure the payment is identified.

<b><i>Deposit Reference (CSN number)</i></b>	<b><i>Name</i></b>	<b><i>Date of Payment</i></b>

Below are the Call Notice details for your shareholding.

<b><i>Shareholder No.</i></b>	<b><i>Holding of Partly Paid Shares</i></b>	<b><i>Call Amount per share</i></b>	<b><i>Total Call Payment Due</i></b>
		<b>4 cents</b>	<b>\$</b>

I ask you to read the terms of Investor Default on Call (set out below) as contained in the Pohutukawa V Offer Memorandum dated 7 December 2016, which you need to be aware of, if for any reason you are unable to pay the Call.

If you have any queries relating to the Call payment, please contact Peter Lalor on 07 927 7927 or email to [enquiries@pohutukawafund.co.nz](mailto:enquiries@pohutukawafund.co.nz).

Thank you for your continued support.

Yours sincerely

**Pohutukawa Private Equity V Limited**



**Neil Craig**  
Chair

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**INVESTOR DEFAULT ON CALL  
POHUTUKAWA PRIVATE EQUITY V  
OFFER MEMORANDUM 7 December 2016**

If an Investor does not pay a call on committed funds on the due date the following consequences apply:

- The Investor will be liable to pay a default rate of interest on the amount that remains unpaid, at a rate of 4% per annum above the 90-day bank bill rate;
  - the Board will give the investor a further notice demanding payment after the date the notice is served;
  - if the investor fails to pay within 5 working days of such notice, the Board may resolve that the Shares in respect of which payments have been called but are unpaid will be forfeited (forfeited shares); Pohutukawa V may (but is not obliged to) sell the forfeited Shares. Pohutukawa V has no duty to the holder of the forfeited Shares to seek a buyer for such Shares or in respect of any consideration obtained, however, any such consideration so received (less any costs of disposal) shall be returned to the holder of the forfeited Shares; and
  - alternatively, Pohutukawa V may enforce the lien provided for in its Constitution over all Shares held by the investor and apply the proceeds towards the outstanding call and any interest on the outstanding call (with the investor remaining liable for any shortfall after the sale or disposal of such Shares and any surplus proceeds of sale, less any costs of disposal, being returned to the investor).
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