

21 September 2021

Dear Shareholder

**POHUTUKAWA PRIVATE EQUITY II LIMITED
SHAREHOLDER UPDATE 30 JUNE 2021**

We are pleased to provide Shareholders with this update for the period to 30 June 2021. In line with the approach to last year's interim reporting Directors have opted to provide an abridged update for shareholders rather than the usual interim report given we have two remaining investments in the Fund. The report includes the financial statements for the interim period to 30 June 2021.

Pohutukawa II Fund

The Pohutukawa II offer raised \$82.5 million of committed capital in February 2009. Pohutukawa II co-invests with the Direct Capital IV which together total \$325 million. Pohutukawa II has called \$51.1 million to the period ended 30 June 2021. The maximum amount of capital to be called is 80 cents per share (cps). Shareholders have contributed capital of 62 cps and it is unlikely that further calls will be required.

Portfolio Company Investments

Pohutukawa II had two remaining investments at the end of the interim period. The portfolio companies have performed to expectations during this period.

Bayley Corporation

In March 2020 Pohutukawa II and Direct Capital IV realised the majority of their shareholding to parties associated with Bayleys including existing and new executive shareholders and franchise owners, with \$5 million of capital proceeds being advanced back to Bayleys as an interest-bearing loan. In March 2021, Bayleys repaid the \$5.0 million shareholder loan together with interest. Direct Capital IV and Pohutukawa II retain a combined 4.7% shareholding in Bayleys. The Manager maintains a representative on the board of Bayleys.

Bayleys concluded its 31 March 2021 financial year ahead of expectations, and ahead of the result achieved in the March 2020 year.

Pohutukawa Private Equity II Limited

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PF Olsen

Revenue was above expectations in the period to 30 June 2021, with strong trading across forestry and harvesting management divisions in New Zealand and Australia. In New Zealand, forestry management continues to benefit from strong interest in afforestation and carbon offsetting activities. Harvesting activity has also begun to ramp up reflecting the step up in export log prices since the end of 2020.

The Australian division has seen harvesting levels recover quicker than expected from last year's volumes which were impacted by Covid-19 and trading restrictions imposed by China.

Log prices increased to new highs during the June 2021 quarter, rising from NZ\$130m³ to above NZ\$140m³- 30% higher relative to the low log pricing seen in March 2020. The current log prices represent attractive levels for forest owners to bring logs to market.

Distributions and Returns

Pohutukawa II has to date made gross distributions totalling \$1.11 per share. Your shares are paid to 62 cps. The Fund's last distribution was for 1.5 cps paid on 19 May 2021. The net IRR was 15.6% to 30 June 2021.

Portfolio Company Investment Revaluations

The Manager re-values the portfolio company investments each quarter using the International Private Equity & Venture Capital valuation guidelines. The portfolio fair value to 30 June 2021 was \$6.8 million.

Portfolio Timeline

The Pohutukawa II Fund commenced in March 2009, so we are now in our 12th year of operation. The Manager is reviewing all opportunities to crystallise value in the remaining portfolio companies as they present. We would hope to be in a position to announce further realisations over the next 6 months and when these occur the Fund will proceed to wind up.

Financial Position

As at 30 June 2021 Pohutukawa II had 82.5 million stapled securities on issue, paid to 62cps.

Shareholder' funds were \$5.5 million, equivalent to a net asset backing of 6.7 cps.

The profit for the period was \$1,407,244 (2020: Loss -\$91,064) as a result of a positive movement in the fair value of the investments. Administration expenses were \$123,195 (June 2020: \$337,539).

From 1 July 2020 the Manager reduced management fees by 50% recognising the smaller portfolio.

We will keep you informed on portfolio developments via the Pohutukawa website www.pohutukawafund.co.nz.

If you have any queries regarding your investment in Pohutukawa II, please discuss with your Investment Adviser or you may call the Manager, Peter Lalor on 07 927 7927.

Yours sincerely

POHUTUKAWA PRIVATE EQUITY II LIMITED

A handwritten signature in blue ink, appearing to read "John McDonald", with a horizontal line underneath.

John McDonald
Chair

POHUTUKAWA PRIVATE EQUITY II LIMITED
INTERIM FINANCIAL STATEMENTS
30 JUNE 2021

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Consolidated interim statement of comprehensive income

For the six months ended 30 June 2021

		Unaudited 6 months Jun 2021	Unaudited 6 months Jun 2020	Audited 12 months Dec 2020
Interest income		1,030	4,965	19,740
Dividends received		469,428	110,933	259,864
Change in fair value of investments	4	1,414,795	107,559	638,011
Gain on sale of investments		-	753	71,201
Movement in earnout provision	6	(354,814)	22,265	(87,615)
Administrative expenses		(123,195)	(337,539)	(540,728)
Operating profit/(loss) before tax		1,407,244	(91,064)	360,473
Tax expense		-	-	-
Profit/(loss) after tax		1,407,244	(91,064)	360,473
Attributable to:				
Equity holders of the parent		(445,921)	(178,896)	(466,788)
Equity holders of the investment companies	1c	1,853,165	87,832	827,261
Profit/(loss) for the period		1,407,244	(91,064)	360,473
Other comprehensive income for the period		-	-	-
Total comprehensive income/(loss) for the period attributable to the equity holders of stapled securities		1,407,244	(91,064)	360,473

Consolidated interim statement of changes in equity

For the six months ended 30 June 2021

Note	Attributable to equity holders of the parent			Attributable to	Total equity
	Share capital	Retained earnings	Total	equity holders of the investment companies	
Unaudited					
Balance at 1 January 2021	20,494,589	(16,203,669)	4,290,920	948,683	5,239,603
Total comprehensive income	-	(445,921)	(445,921)	1,853,165	1,407,244
Distributions to equity holders	-	-	-	(1,094,909)	(1,094,909)
Redemption of share capital	-	-	-	-	-
Balance at 30 June 2021	20,494,589	(16,649,590)	3,844,999	1,706,939	5,551,938
Unaudited					
Balance at 1 January 2020	25,321,331	(15,736,881)	9,584,450	806,045	10,390,495
Total comprehensive income	-	(178,896)	(178,896)	87,832	(91,064)
Distributions to equity holders	-	-	-	(88,745)	(88,745)
Redemption of share capital	(4,826,742)	-	(4,826,742)	-	(4,826,742)
Balance at 30 June 2020	20,494,589	(15,915,777)	4,578,812	805,132	5,383,944
Audited					
Balance at 1 January 2020	25,321,331	(15,736,881)	9,584,450	806,045	10,390,495
Total comprehensive income	-	(466,788)	(466,788)	827,261	360,473
Distributions to equity holders	-	-	-	(684,623)	(684,623)
Redemption of share capital	(4,826,742)	-	(4,826,742)	-	(4,826,742)
Balance at 31 December 2020	20,494,589	(16,203,669)	4,290,920	948,683	5,239,603

Consolidated interim statement of financial position

As at 30 June 2021

	Note	Unaudited Jun 2021	Unaudited Jun 2020	Audited Dec 2020
Assets				
Loans and receivables	3	-	1,191,555	1,191,555
Investments – equity securities	4	6,837,139	4,971,474	5,422,344
Total non-current assets		6,837,139	6,163,029	6,613,899
Trade and other receivables	2	10,561	40,139	19,473
Cash and cash equivalents	5	106,620	705,234	53,407
Total current assets		117,181	745,373	72,880
Total assets		6,954,320	6,908,402	6,686,779
Equity				
Issued capital		20,494,589	20,494,589	20,494,589
Retained losses		(16,649,590)	(15,915,777)	(16,203,669)
Total equity attributable to equity holders of the parent		3,844,999	4,578,812	4,290,920
Equity attributable to equity holders of the investment companies	1 c	1,706,939	805,132	948,683
Total equity attributable to equity holders of stapled securities		5,551,938	5,383,944	5,239,603
Liabilities				
Trade and other payables		14,350	178,423	140,231
Total current liabilities		14,350	178,423	140,231
Earnout provision	6	1,388,032	1,346,035	1,306,945
Total non-current liabilities		1,388,032	1,346,035	1,306,945
Total liabilities		1,402,382	1,524,458	1,447,176
Total equity and liabilities		6,954,320	6,908,402	6,686,779

For and on behalf of the Board



Director

8 September 2021



Director

8 September 2021

Consolidated interim statement of cash flows

For the six months ended 30 June 2021

	Note	Unaudited Jun 2021	Unaudited Jun 2020	Audited Dec 2020
Cash flows from operating activities				
Interest received		13,044	4,965	7,726
Dividends received		469,428	110,933	259,864
Cash paid to suppliers		(252,178)	(250,000)	(458,701)
Interest paid		-	(29)	(29)
Distribution of earnout	6	(273,727)	(1,228,872)	(1,377,842)
Net cash from operating activities		(43,433)	(1,363,003)	(1,568,982)
Cash flows from investing activities				
Realisations from investments		-	7,931,328	6,889,803
Loans to portfolio companies		1,191,555	(1,191,555)	-
Acquisition of investments		-	-	-
Net cash from investing activities		1,191,555	6,739,773	6,889,803
Cash flows from financing activities				
Redemption of preference shares	7	-	(4,826,742)	(4,826,742)
Distributions to equity holders	7	(1,094,909)	(88,745)	(684,623)
Net cash from financing activities		(1,094,909)	(4,915,487)	(5,511,365)
Net movement in cash and cash equivalents		53,213	461,283	(190,544)
Cash and cash equivalents at beginning of period		53,407	243,951	243,951
Cash and cash equivalents at end of period	5	106,620	705,234	53,407

Reconciliation of profit for the period with net cash from operating activities

	Unaudited Jun 2021	Unaudited Jun 2020	Audited Dec 2020
Profit/(loss) for the period	1,407,244	(91,064)	360,473
<i>Adjustments for:</i>			
Changes in fair value of investments – equity securities	(1,414,795)	(107,559)	(638,011)
Gain on sale of investments	-	(753)	(71,201)
<i>Movements in Working Capital:</i>			
Change in trade and other receivables	10,356	(31,257)	(10,591)
Change in earnout provision	81,087	(1,251,137)	(1,290,227)
Change in trade and other payables	(127,325)	118,767	80,545
Net cash from operating activities	(43,433)	(1,363,003)	(1,568,982)

Notes to the consolidated interim financial statements

1. Significant accounting policies

Pohutukawa Private Equity II Limited (the “Company”) is a company incorporated and domiciled in New Zealand. The consolidated interim financial statements of the Company for the six months ended 30 June 2021 comprise the Company and 6 Investment Companies (30 June 2020: 12) (together referred to as the “Group”) and outline significant changes to information reported in the financial statements for the year ended 31 December 2020.

The accounting policies applied by the Group in these consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2020.

The interim financial statements were approved by the Directors on 8 September 2021.

(a) Statement of compliance

The interim financial statements have been prepared in accordance with New Zealand Equivalents to International Accounting Standard (NZ IAS) NZ IAS 34 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2020.

(b) Basis of preparation

The Parent Company is a FMC Reporting Entity for the purposes of the Financial Reporting Act 2013 and Financial Markets Conduct Act 2013. The financial statements are presented in New Zealand dollars, which is the Group’s functional currency. They are prepared on the historical cost basis except that certain financial instruments are stated at their fair value.

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

(c) Basis of consolidation

For every ordinary share held in Pohutukawa Private Equity II Limited, investors also hold 100 preference shares in Pohutukawa Private Equity II Limited as well as one preference share in each of the 6 (30 June 2020:12) Investment Companies. All of these shares are stapled securities. This stapling arrangement creates a business combination by contract alone without any individual entity obtaining an ownership interest. The Group has designated Pohutukawa Private Equity II Limited as the acquirer and the parent entity for the purpose of preparing consolidated financial statements. The Investment Companies combining under the stapling arrangement are designated as the Investment Companies who invest in Portfolio Companies.

Investments in equity securities, which would normally be classified as investments in associates, are carried at fair value and are not equity accounted (see accounting policy 1d). This is due to the fact that the Group are private equity investors.

Notes to the consolidated interim financial statements

1. Significant accounting policies (continued)

(c) Basis of consolidation (continued)

Special purpose entities

The Group has established a number of special purpose entities for investment purposes. Special purpose entities are consolidated when the Group concludes that it controls the special purpose entity.

Equity attributable to equity holders of the investment companies

Equity attributable to equity holders of the investment companies refers to the equity of the Investment Companies, as this is owned directly by shareholders of the parent and the Manager, and not by the parent company itself. These are considered non-controlling interests and are attributable to the parent company shareholders as a result of their direct investment in the preference shares of the Investment Companies, and to the Manager as a result of its ownership of the ordinary shares in the Investment Companies.

(d) Investments in equity securities

The Group's investments in equity securities are classified at fair value through profit or loss financial assets and presented as non-current assets in the statement of financial position. They are stated at fair value, with any resultant change in fair value recognised in profit or loss.

Investments in unlisted equity securities are valued in accordance with the International Private Equity and Venture Capital (IPEV) valuation guidelines.

(e) Loans and borrowings

Loans and borrowings are recognised initially at fair value net of attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the profit or loss over the period of the borrowings on an effective interest rate basis.

(f) New standards and pronouncements relevant to the Group

There are no new standards, amendments or interpretations that have been issued and are effective that are expected to have a material impact on the Group.

2. Trade and other receivables

	Unaudited Jun 2021	Unaudited Jun 2020	Audited Dec 2020
GST receivable	436	27,776	3,338
Prepayments	10,125	12,363	4,121
Other receivables	-	-	12,014
	10,561	40,139	19,473

Notes to the consolidated interim financial statements

3. Loans to portfolio companies

	Unaudited Jun 2021	Unaudited Jun 2020	Audited Dec 2020
Bayley Corporation Limited	-	1,191,555	1,191,555
	-	1,191,555	1,191,555

4. Investments

Non-current investments

The Group has investments in unlisted equity securities. Group policy is to carry these investments at fair value with subsequent movements in fair value recognised in profit or loss. As there is no quoted market price for these securities in most instances, valuation techniques are utilised to determine fair value.

Shares in George H Investments Limited were valued based on the net assets of the company. The valuation techniques utilised for all other investments include the use of market based earnings multiples and an adjustment factor of up to 20% for privately owned investments.

The following details the equity securities held at 30 June 2021 at their cost price:

Entity name	Activities	Initial Acquisition date	Voting Interest	Unaudited Jun 2021 Cost of Acquisition	Unaudited Jun 2020 Cost of Acquisition	Audited Dec 2020 Cost of acquisition
Bayley Corporation Limited	Real estate services	Jun 2010	1.1%	999,017	999,017	999,017
George H Investments Limited	Investment assets	Jul 2011	-	-	79,581	-
PF Olsen Group Limited	Forestry management	Sep 2011	9.5%	2,580,878	2,580,878	2,580,878
				3,579,895	3,659,476	3,579,895

Notes to the consolidated interim financial statements

4. Investments (continued)

(a) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

30 June 2021	Level 1	Level 2	Level 3	Total
Investments in unlisted equity securities	-	-	6,837,139	6,837,139
	Level 1	Level 2	Level 3	Total
30 June 2020				
Investments in unlisted equity securities	-	139,198	4,832,276	4,971,474
	Level 1	Level 2	Level 3	Total
31 December 2020				
Investments in unlisted equity securities	-	-	5,422,344	5,422,344

The following table shows reconciliation from the opening balance to the closing balance for fair value measurements in Level 3 of the fair value hierarchy:

Investments	Jun 2021	Dec 2020
Opening balance	5,422,344	12,794,490
Total gains/(losses):		
Net change in fair value	1,414,795	709,212
Investments at cost during the year	-	-
Reclassified to level 2		
Capital returns	-	(8,081,358)
Closing balance	6,837,139	5,422,344

Total gains/(losses) included in the above table are presented in the statement of comprehensive income as follows:

Investments	Jun 2021	Dec 2020
Total gains/(losses) included in profit or loss for the period	1,414,795	709,212
Total gains/(losses) for the period included in profit or loss for assets held at the end of the reporting period	1,414,795	638,011

Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. Refer Note 4(c) for sensitivity analysis with regards to the earnings multiple or adjustment factor.

Notes to the consolidated interim financial statements

4. Investments (continued)

(b) Significant unobservable inputs used in measuring fair value

Significant unobservable inputs are developed as follows:

EBITDA multiples:

Represent amounts that market participants would use when pricing the investments. EBITDA multiples are selected from comparable public companies based on geographic location, industry, size, target markets and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its EBITDA. Other factors that management considers are items such as the lack of marketability and other differences between the comparable peer group and specific company.

Discount for lack of marketability:

Represents the discount applied to the comparable market multiples to reflect the illiquidity of the portfolio companies relative to the comparable peer group. Management determines the discount for lack of marketability based on its judgment after considering market liquidity conditions and company-specific factors such as the developmental stage of the portfolio company, if any.

(c) Sensitivity Analysis for Unlisted Securities

A movement of 0.2 in the earnings multiples applied to the investments carried at fair value changes the value of the investments by \$195,039. A movement in the discount factor of 5% changes the value of the investments by \$369,421. A movement in the maintainable earnings of 5% changes the value of the investments by \$295,537.

5. Cash and cash equivalents

	Unaudited Jun 2021	Unaudited Jun 2020	Audited Dec 2020
Call deposits	106,620	705,234	53,407
Short-term deposits	-	-	-
Cash and cash equivalents	<u>106,620</u>	<u>705,234</u>	<u>53,407</u>

The majority of call deposits are held with ANZ Bank New Zealand Limited via CIP Cash Management Nominees Limited, a 100% subsidiary of Craigs Investment Partners Limited (refer to note 8). The interest rate at 30 June 2021 is 0.35% (30 June 2020: 0.90%).

When applicable, short-term deposits are held with ANZ Bank New Zealand Limited for periods of up to 90 days. There were no short-term deposits held at 30 June 2021, (30 June 2020: Nil).

Notes to the consolidated interim financial statements

6. Earnout Provision

	Unaudited Jun 2021	Unaudited Jun 2020	Audited Dec 2020
Opening provision	1,306,945	2,597,172	2,597,172
Change in provision due to change in Net Assets	354,814	(22,265)	87,615
Distribution of earnout during the period	<u>(273,727)</u>	<u>(1,228,872)</u>	<u>(1,377,842)</u>
Closing Earnout Provision	<u>1,388,032</u>	<u>1,346,035</u>	<u>1,306,945</u>

In accordance with clause 11 of the Prospectus the earnout holder is entitled to an earnout distribution calculated at 20% of net returns to Pohutukawa Private Equity II Limited provided investors have received back their original investment together with further distributions producing a pre-tax compound hurdle rate of 8.0% per annum on Called Capital. As at 30 June 2021 the estimated earnout provision is calculated at \$1,388,032, which is based on unrealised portfolio company fair value valuations of \$6,837,139. Movements in the provision are recognised in profit or loss.

7. Share Capital

At 30 June 2021, the share capital of the Company comprised 82,500,000 ordinary shares (June 2020: 82,500,000), and 5,185,267,900 preference shares (June 2020: 5,185,267,900). In addition, there are 907,500,000 preference shares (June 2020: 907,500,000) in the 6 Investment Companies (June 2020: 12) (82,500,000 in each).

Dividends of \$1,094,909 (\$0.01875 per share) were declared during the period by companies within the Group (30 June 2020: \$4,915,487, including \$88,745 dividends and \$4,826,742 redemption of share capital). All ordinary shares rank equally with regard to the Company's residual assets. Holders of the Company preference shares do not have an entitlement to vote, and are not entitled to participate in distribution of income, but are entitled to \$0.01 per preference share upon redemption by the Company at the Company's option. Preference shareholders in the Investment Companies do not have an entitlement to vote, but are entitled to receive distributions of capital and/or income as prescribed in the Investment Companies' constitutions.

8. Related parties

Identity of related parties

The Company has a related party relationship with its Investment Companies, due to the ownership structure. Loans are made between the Company and the Investment Companies which eliminate on consolidation.

Craigs Investment Partners Limited and Direct Capital IV Management Limited own 50% each of Pohutukawa II Management Limited, the Manager of Pohutukawa Private Equity II Limited. Craigs Investment Partners Limited and Direct Capital IV Investment Partners LP are partners in Pohutukawa II Investment Holdings LP which is the holder of the ordinary shares in the Investment Companies. Certain directors of the Company are also directors of Craigs Investment Partners Limited. Certain directors of the Investment Companies are also directors of Direct Capital IV Management Limited and Craigs Investment Partners Limited.

Direct Capital IV Management Limited is responsible for preparing valuations of investments.

Notes to the consolidated interim financial statements

8. Related parties (continued)

Transactions with related parties

During the period, Pohutukawa Private Equity II Limited entered into the following transactions with related parties:

- Management fees charged by Pohutukawa II Management Limited for the reporting period totalled \$119,156 (30 June 2020: \$258,013). At the end of the reporting period no amount was owing to Pohutukawa II Management Limited (30 June 2020: \$147,803 for management fees).
- Craigs Investment Partners Limited paid certain expenses and collects certain receipts of Pohutukawa Private Equity II Limited. As at 30 June 2021, \$1,444 remained owing to Craigs Investment Partners Limited (30 June 2020: \$Nil owing to Craigs Investment Partners Limited).
- Call deposits have been invested in ANZ Bank New Zealand Limited via CIP Cash Management Nominees Limited, a subsidiary of Craigs Investment Partners Limited. At 30 June 2021 the balance held was \$106,620 (30 June 2020: \$705,234).
- Direct Capital IV Management Limited paid certain expenses on behalf of Pohutukawa Private Equity II Limited. As at 30 June 2021, no expenses were owing to Direct Capital IV Management Limited (30 June 2020: \$Nil).
- Pohutukawa II Investment Holdings LP received earnout distribution of \$273,727 during the period 30 June 2021 (30 June 2020: \$1,228,872).

The terms and conditions of the transactions with key management personnel and their related parties are in accordance with the terms of the management agreement.

Transactions with key management personnel

	Unaudited Jun 2021	Unaudited Jun 2020	Audited Dec 2020
Directors fees (total remuneration)	26,250	42,500	85,000

Michael Caird and Maurice Prendergast resigned as directors in May 2020. The balance owing to directors at 30 June 2021 is \$7,500 (30 June 2020: \$21,250).

9. Subsequent events

There were no material subsequent events for the Group.

Independent Review Report

To the shareholders of Pohutukawa Private Equity II Limited

Report on the interim consolidated financial statements

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim consolidated financial statements on pages 2 to 12 do not:

- i. Present fairly in all material respects the Group's financial position as at 30 June 2021 and its statement of comprehensive income and cash flows for the 6 month period ended on that date; and
- ii. Comply with NZ IAS 34 Interim Financial Reporting.

We have completed a review of the accompanying interim consolidated financial statements which comprise:

- The consolidated statement of financial position as at 30 June 2021;
- The consolidated statements of comprehensive income, changes in equity and cash flows for the 6 month period then ended; and
- Notes, including a summary of significant accounting policies and other explanatory information.



Basis for conclusion

A review of interim consolidated financial statements in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* ("NZ SRE 2410") is a limited assurance engagement. The auditor performs procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

As the auditor of Pohutukawa Private Equity II Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

Other than our capacity as auditor we have no relationship with, or interest in, the Group.



Use of this Independent Review Report

This report is made solely to the shareholders as a body. Our review work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the Independent Review Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders as a body for our review work, this report, or any of the opinions we have formed.



Responsibilities of the Directors for the interim consolidated financial statements

The Directors, on behalf of the Group, are responsible for:

- The preparation and fair presentation of the interim consolidated financial statements in accordance with NZ IAS 34 Interim Financial Reporting;
- Implementing necessary internal control to enable the preparation of an interim consolidated financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- Assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



Auditor's Responsibilities for the review of the interim consolidated financial statements

Our responsibility is to express a conclusion on the interim financial statements based on our review. We conducted our review in accordance with NZ SRE 2410. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with NZ IAS 34 Interim Financial Reporting.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on these interim consolidated financial statements.

This description forms part of our Independent Review Report.



Tauranga

8 September 2021