

POHUTUKAWA PRIVATE EQUITY LIMITED

CHAIRMAN'S ADDRESS TO THE ASM 16 MAY 2013

LADIES AND GENTLEMEN

THANKYOU FOR YOUR ATTENDANCE TODAY

WELCOME TO THE ANNUAL SHAREHOLDER MEETINGS OF

POHUTUKAWA PRIVATE EQUITY AND POHUTUKAWA PRIVATE EQUITY II

AS THERE IS SIGNIFICANT CROSSOVER IN SHAREHOLDING BETWEEN THE TWO COMPANIES IT IS MORE EFFICIENT TO INVITE SHAREHOLDERS OF BOTH COMPANIES TO BE PRESENT.

I AM JOHN MCDONALD, CHAIRMAN OF BOTH COMPANIES.

MY FELLOW DIRECTORS ARE

MAURICE PRENDERGAST, NEIL CRAIG, AND FRANK ALDRIDGE

ALSO PRESENT IS OUR COMPANY SECRETARY PETER LALOR AND OTHER MEMBERS OF THE CRAIGS TEAM WHO ARE INVOLVED WITH THE ADMINISTRATION OF OUR COMPANIES.

A FOUNDING DIRECTOR OF OUR INVESTMENT MANAGER BILL KERMODE WILL INTRODUCE THE TEAM FROM DIRECT CAPITAL WHEN HE ADDRESSES THE MEETINGS ON THE PERFORMANCE OF OUR PORTFOLIO COMPANIES

ALSO WE HAVE HERE FROM KPMG OUR AUDITORS TREVOR NEWLAND AND FROM OUR LAWYERS CHAPMAN TRIPP JOHN STROWGER .

TODAYS MEETING IS A ONCE A YEAR OPPORTUNITY FOR YOU AS SHAREHOLDERS TO LISTEN TO THE DIRECTORS AND MANAGEMENT REPORT ON THE PERFORMANCE OF YOUR COMPANY AND FOR YOU TO ASK ANY QUESTIONS ON THAT PERFORMANCE AND FUTURE PROSPECTS.

PRIVATE EQUITY, BY ITS VERY NATURE IS BOTH A TERM AND ILLIQUID INVESTMENT

TERM IN THE SENSE THAT IT DOES REQUIRE TIME ON EACH INDIVIDUAL INVESTMENT TO ACHIEVE THE PROFITABLE OUTCOME THAT WE ARE ALL SEEKING. NOT EVERY YEAR TOWARDS THAT GOAL WILL BE POSITIVE.

ILLIQUID IN THE SENSE THAT ONCE AN INVESTMENT IS MADE IT IS DIFFICULT TO CHANGE COURSE IN THE SHORT TERM.

OUR TASKS AS DIRECTORS AND MANAGERS ARE TO ENSURE THAT OUR SELECTION PROCESSES AND FOCUS IS SUCH THAT WE MAKE THE RIGHT CALL ON EACH INDIVIDUAL INVESTMENT AND MONITOR AND INFLUENCE THEIR PROGRESS TO ACHIEVE PROFITABLE OUTCOMES.

WE WELCOME YOUR QUESTIONS.

I NOW MOVE TO THE SHAREHOLDERS MEETING FOR POHUTUKAWA PRIVATE EQUITY LIMITED.

WE HAVE A QUORUM –ANY APOLOGIES TO BE RECORDED.

OBVIOUSLY ONLY SHAREHOLDERS OF THIS COMPANY MAY VOTE ON THE RESOLUTION OR ASK QUESTIONS.

AT LAST YEARS MEETING WE REPORTED ON THE JUST COMPLETED SALE OF-GO-BUS. THIS SALE IS RECORDED IN THIS YEAR AND WAS THE HIGHLIGHT OF OUR PAST YEAR –A GREAT ACHIEVEMENT AT SOME 2 TIMES ITS INVESTMENT VALUE.

THE RETURNS TO SHAREHOLDERS FROM THIS SALE AND OTHER DIVIDENDS DURING THE PAST YEAR MEANT WE ACHIEVED THE KEY MILESTONE OF THE RETURN TO YOU OF YOUR ORIGINAL \$1 COMMITMENT.

FOR 5 OF THE 6 REMAINING PORTFOLIO COMPANIES, TRADING AND OTHER CONDITIONS CONTINUED TO BE CHALLENGING AND IT WAS THE EXCELLENT RESULT ACHIEVED BY NZ PHARMACEUTICALS WHICH COMPENSATED FOR THE POOR RESULTS OF THE OTHERS.

THE ACTUAL YEARS ACHIEVEMENT PROVED THE BENEFIT OF A DIVERSIFIED PORTFOLIO APPROACH.

THE INDIVIDUAL COMPANY PERFORMANCES WILL BE COVERED IN THE MANAGERS ADDRESS.

AS YOU ARE AWARE WE ARE FULLY INVESTED APART FROM OUR CASH HOLDING OF \$2.9 MILLION AND ONLY FOLLOW-ON INVESTMENTS IN EXISTING COMPANIES WILL BE MADE.

SIX COMPANIES, AND OUR INVESTMENTS IN BIOPACIFICVENTURES, REMAIN IN OUR PORTFOLIO AND ARE FAIR VALUED AT \$29.2MILLION OR A NET 47 CENTS PER SHARE(INCLUDING CASH). THIS VALUE BEING AFTER ALLOWING FOR THE ESTIMATED MANAGERS EARNOUT OF 14 CENTS PER SHARE

AT THE END OF THE FIRST QUARTER OF THIS YEAR THIS NET VALUE PER SHARE HAS REDUCED SOMEWHAT TO AROUND 45 CENTS PER SHARE.

TRADING CONDITIONS REMAIN CHALLENGING FOR OUR PORTFOLIO COMPANIES. OUR COMPANIES ARE FOCUSED ON OPERATING PERFORMANCES AND STRATEGIES TO ENSURE THEY ARE POSITIONED WELL FOR THE CURRENT AND FUTURE ECONOMIC CONDITIONS. THERE ARE NO LIQUIDITY EVENTS CURRENTLY IN PROCESS.

TURNING NOW TO THE FINANCIAL ACCOUNTS FOR THE YEAR.

YOU ALL HAVE COPIES AND THEY ARE FAIRLY SELF EXPLANATORY.

TO SUMMARISE

YOU WILL NOTE THAT WE MADE A PROFIT FOR THE YEAR OF \$5.5MILLION.THIS PROFIT IS THE NET RESULT OF:

- **-INCOME FROM OUR INVESTMENTS-DIVIDENDS AND INTEREST-OF \$1.4 MILLION**
- **-GAIN ON SALE OF INVESTMENTS -\$1.4 MILLION**
- **-CHANGES IN THE FAIR VALUE OF OUR INVESTMENTS -\$3.9 MILLION**
- **-LESS THE COSTS OF ADMINISTRATION-\$1.2 MILLION**

ANY QUESTIONS ON THE FINANCIAL ACCOUNTS? PREFER YOU HOLD QUESTIONS ON THE PERFORMANCE OF INDIVIDUAL PORTFOLIO COMPANIES UNTIL AFTER BILL KERMODE SPEAKS.

IF NO FURTHER QUESTIONS I NOW MOVE TO THE FORMAL RESOLUTION
PROXY NUMBERS -822001 FOR RESOLUTION

THIS RESOLUTION DETAILED IN THE NOTICE OF MEETING RELATES TO THE APPOINTMENT OF AUDITORS

CALL FOR DISCUSSION ON RESOLUTION. CALL FOR A SHOW OF HANDS.
RESOLUTION PASSED ---THANKYOU

IS THERE ANY GENERAL BUSINESS?

IF NOT PLEASE STAY WHILE WE COVER THE FORMALITIES FOR POHUTUKAWA PRIVATE EQUITY II FOLLOWING WHICH WE WILL HEAR FROM OUR INVESTMENT MANGER