



Pohutukawa

## **CHAIRMAN'S ADDRESS**

### **POHUTUKAWA PRIVATE EQUITY LIMITED ASM 13 MAY 2014**

Ladies and Gentlemen

Thank you for your attendance today.

Welcome to the Annual Shareholder Meetings of

Pohutukawa Private Equity Limited and  
Pohutukawa Private Equity II Limited

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 present here are: - Maurice Prendergast, Neil Craig, and a welcome to Mike Caird who was appointed a director a number of months ago replacing Frank Aldridge

I pay tribute to the service, dedication and support of Frank –who you will know is the Managing Director of Craigs Investment Partners. We will miss his contribution.

Also present is our company secretary Peter Lalor and other members of the Craigs team who are involved with the administration of our companies.

The Managing Director of our Investment Manager-Ross George will introduce the team from Direct Capital when he addresses the meetings on the performance of our portfolio companies.

We also have here from KPMG, our auditor, Trevor Newland.

Today's meeting is a once a year opportunity for you as shareholders to directly engage with your directors, listen to the Investment Managers report on the performance of your portfolio companies, and for you to ask any questions on that performance and future prospects.

We will today share with you an update on your Pohutukawa investment, the initiatives going forward, and the strategic priorities for the year ahead

We welcome your questions.



## Pohutukawa

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. This is our 9<sup>th</sup> year following the raising of \$53million in October 2004.

While it is a disappointment to record an overall loss of a\$2.6 million for the year following poor performances from most of our 5 remaining portfolio companies your directors remain satisfied that the individual company initiatives and strategies for the future will ultimately pay off for our shareholders.

The underperformance was largely the result of the exit from our investment in Shears and Mac at a loss, plus lower valuations of the other portfolio companies.

All our companies trade internationally and the continuing high NZ dollar coupled with competitive markets and in some cases production issues has resulted in a challenging trading year.

This year we will expect better results, at least from our 2 largest companies representing over 75% of our remaining asset value. NZ King Salmon has, after major expenditure, finally achieved resource consent for 3 new farms, which will, in time, increase capacity by 70% and NZ Pharmaceuticals 30% increase in production capacity will come on stream.

The individual company performances will be covered in the manager's address.

As you are aware we are fully invested apart from our cash holding of \$2.3 million and only follow on investments in existing companies will be made.

Five companies, and our investments in BioPacificVentures, remain in our portfolio and are fair valued at \$27.2 million or a net 43 cents per share(including cash) this value is after allowing for the estimated managers earn-out of 13 cents per share.

On a similar basis the NTA per share after the 1st quarter this year is 41 cents.

No distributions were paid during the year.

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 loss for the year of \$2.6 million. This loss is the net result of:

- income from our investments-dividends and interest-of \$0.6million
- loss on exit from our investment in Shears and Mac -\$1.0million
- reduction in the fair value of our investments -\$1.3million loss
- less the costs of administration-\$1.2 million

Any questions on the financial accounts?

I prefer you to hold questions on the performance of individual portfolio companies until after Ross George talks to you.



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If no further questions I now move to the formal resolution:

Proxy vote ---numbers 931,000- in favour-All

This resolution, detailed in the notice of meeting relates to the Appointment of auditors

Any discussion

Call for show of hands

Resolution passed

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 Manager.