

POHUTUKAWA PRIVATE EQUITY II LIMITED

CHAIRMAN'S ADDRESS TO THE ANNUAL SHAREHOLDERS MEETING

13 MAY 2015

WE MOVE TO THE ANNUAL SHAREHOLDERS MEETING OF POHUTUKAWA PRIVATE EQUITY II LIMITED

AS WITH OUR FIRST MEETING ONLY SHAREHOLDERS OF THIS COMPANY ARE ABLE TO ASK QUESTIONS OR VOTE ON THE RESOLUTIONS

I WELCOME ALL POHUTUKAWA SHAREHOLDERS TO STAY FOR THIS MEETING AND FOR THE FOLLOWING ADDRESS, FROM OUR INVESTMENT MANAGER, ON THE PORTFOLIO PERFORMANCE OF BOTH COMPANIES.

WE HAVE A QUORUM –ANY APOLOGIES TO BE RECORDED

THIS IS OUR SIXTH SHAREHOLDER MEETING FOLLOWING THE RAISING OF \$82.5 MILLION IN 2009.

THE 2014 YEAR WAS NOTEWORTHY FOR THE VERY SUCCESSFUL \$10.2 MILLION GAIN ARISING FROM THE IPO OF SCALES. WE WERE PLEASED TO BE ABLE TO FACILITATE SHAREHOLDERS BEING ABLE TO RECEIVE SHARES IN SCALES RATHER THAN CASH. 41% OF SHAREHOLDERS CHOSE THIS OPTION.

EARLY IN THE YEAR WE MADE OUR LAST DIRECT INVESTMENT OF \$4.6 MILLION FOR ENERGYWORKS. WE HAVE ALSO MADE A NUMBER OF FOLLOW ON GROWTH INVESTMENTS INTO OUR EXISTING COMPANIES.

ROSS, WILL COVER THESE IN HIS ADDRESS

WE NOW HAVE A PORTIFOLIO OF 8 DIVERSE COMPANIES WHICH INCLUDES THE 30% BALANCE OF OUR SHAREHOLDING IN THE NOW PUBLICLY LISTED, SCALES CORPORATION - WHICH IS SUBJECT OT ESCROW CONDITIONS.

OUR INVESTMENT MANAGERS, WITH THE SUPPORT OF YOUR BOARD HAVE DECIDED THAT THEIR FUTURE EFFORTS ARE BEST SPENT ON MAXIMISING THE PERFORMANCE, GROWTH, AND VALUE OPPORTUNITIES FROM THE EXISTING PORTFOLIO COMPANIES. NO NEW PORTFOLIO INVESTMENTS WILL BE MADE. WE BELIEVE SHAREHOLDERS WILL WELCOME THIS FOCUS.

WE THEREFORE, IN DECEMBER LAST YEAR, ADVISED YOU THAT WE WOULD CAP THE MAXIMUM AMOUNT THAT CAN BE CALLED TO 80 CENTS PER SHARE -A REDUCTION OF COMMITTED CAPITAL OF 20 CENTS PER SHARE. SUBJECT TO THE PASSING OF THE RESOLUTION TODAY, WE INTEND TO MAKE A CALL OF 5 CENTS PER SHARE LATER THIS MONTH - WITH PAYMENT DUE IN JUNE. 18 CENTS PER SHARE WILL THEN REMAIN TO BE CALLED.

WE WILL, OF COURSE, GIVE YOU AT LEAST 30 DAYS NOTICE OF A CALL.

OUR PORTFOLIO AT THE END OF THE YEAR WAS VALUED AT \$43.6 MILLION OR NET ASSETS OF 47 CENTS PER SHARE.

DISTRIBUTIONS OF 20 CENTS PER SHARE WERE PAID LAST YEAR AND A FURTHER 2.3 CENTS WAS PAID RECENTLY - IN APRIL.

FOLLOWING THIS DIVIDEND YOU WILL HAVE RECEIVED BACK 34 CENTS PER SHARE OF THE 57 CENTS OF YOUR PAID IN CAPITAL.

TURNING NOW TO THE FINANCIAL ACCOUNTS FOR THE PAST YEAR.

THE \$12.4 MILLION PROFIT WAS A PLEASING RESULT, WITH, AS I HAVE MENTIONED, THE SCALES IPO CONTRIBUTING \$10.2 MILLION. WE HAD A SMALLER UPLIFT IN THE FAIR VALUE OF OUR PORTFOLIO COMPANIES AT AROUND \$1 MILLION IN TOTAL. 2 COMPANIES IN PARTICULAR FACED HEADWINDS FROM THE DOWNTURN IN ENERGY SECTOR AS WELL AS FROM THE POOR ECONOMIC CONDITIONS IN AUSTRALIA.

THE ACCOUNTS ARE REASONABLY STRAIGHTFORWARD. AM HAPPY TO TAKE ANY QUESTIONS ON THE FINANCIALS.

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IF THERE ARE NO FURTHER QUESTIONS WE WILL MOVE TO THE FORMAL RESOLUTION

Proxy vote ---numbers - IN FAVOUR

THE FIRST RESOLUTION, DETAILED IN THE NOTICE OF MEETING IS THAT RELATING TO THE APPOINTMENT OF AUDITORS-

RESOLUTION PASSED - THANK YOU

THE SECOND RESOLUTION IS THAT RELATING TO REDUCING THE SIZE OF A CALL TO A MINIMUM OF 5 CENTS PER SHARE FROM THE CURRENT 10CENTS.

RESOLUTION PASSED - THANK YOU.

IS THERE ANY GENERAL BUSINESS

I WOULD NOW LIKE TO HAND THE MEETING OVER TO OUR INVESTMENT MANAGER REPRESENTED BY ROSS GEORGE.

BEFORE I DO, I WOULD LIKE TO SINCERELY THANK MY FELLOW DIRECTORS, MAURICE, NEIL AND MIKE.

THE BOARDS OF THE TWO POHUTUKAWA COMPANIES, OVERSEES STRATEGIES AND INVESTMENTS, NOT ONLY IN OUR BOARD MEETINGS BUT ALSO THROUGH REGULAR REPORTS AND FREQUENT EXCHANGES BETWEEN THE BOARD AND OUR INVESTMENT MANAGERS.

DIRECTORS ALSO, FROM TIME TO TIME, VISIT PORTFOLIO COMPANIES TO VIEW OPERATIONS AND HEAR AND DISCUSS STRATEGIC INITIATIVES AND DEVELOPMENTS FROM SENIOR MANAGEMENT. I CAN ASSURE YOU THAT WE, AS A BOARD, DO QUESTION, PROD AND ASSIST OUR INVESTMENT MANAGERS, PARTICULARLY AS TO WHETHER THERE IS INCREASED SHAREHOLDER VALUE FROM CONTINUING TO HOLD AN INVESTMENT.

AND ALSO THANKS TO THE INVESTMENT COMMITTEE MADE UP OF DIRECT CAPITAL TEAM PLUS NEIL, MIKE AND MAURICE AS DIRECTORS OF POHUTUKAWA.

AND THANKYOU TO THE DIRECT CAPITAL TEAM

THANKYOU ALL FOR YOUR SUPPORT, HARD WORK AND DEDICATION TO THE GROWTH OF OUR 2 POHUTUKAWA COMPANIES

ROSS WILL NOW ADDRESS YOU ON -THE FUTURE PERFORMANCE OF THE PORTFOLIO COMPANIES OF POHUTUKAWA. AND SIMILARLY FOR THE COMPANIES OF POHUTUKAWA II .

THANKYOU