

POHUTUKAWA PRIVATE EQUITY LTD

CHAIRMAN'S ADDRESS TO ASM 11 MAY 2016

LADIES AND GENTLEMEN –WELCOME

THANKYOU FOR YOUR ATTENDANCE

THE FORMAT FOR TODAY IS –

WE WILL BEGIN WITH FORMAL MEETINGS OF POHUTUKAWA PRIVATE EQUITY
AND POHUTUKAWA PRIVATE EQUITY II FOLLOWED BY –

AN ADDRESS FROM OUR INVESTMENT MANAGER DIRECT CAPITAL WHO WILL
UPDATE US ON THE PORTFOLIOS OF EACH COMPANY AS WELL AS COMMENTING ON
THE INDIVIDUAL PORTFOLIO COMPANIES.

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 EFFICIENT TO INVITE SHAREHOLDERS OF BOTH COMPANIES TO BE
PRESENT

I AM JOHN MCDONALD, CHAIRMAN OF BOTH COMPANIES
MY FELLOW DIRECTORS PRESENT ARE
MAURICE PENDERGAST, NEIL CRAIG AND MIKE CAIRD

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 DIRECT CAPITAL –OUR INVESTMENT MANAGER- WILL
INTRODUCE HIS TEAM WHEN HE ADDRESSES THE MEETING.

WE ALSO HAVE APOLOGIES FROM GLENN KEANEY OF KPMG, OUR AUDITORS AND
FROM OUR LAWYER TIM TUBMAN OF CHAPMAN TRIPP.

TODAYS MEETING IS A ONCE A YEAR OPPORTUNITY FOR YOU AS SHAREHOLDERS TO DIRECTLY ENGAGE WITH YOUR DIRECTORS, LISTEN TO THE REPORT OF THE INVESTMENT MANAGER AND

FOR YOU TO ASK QUESTIONS ON THE PERFORMANCE AND FUTURE PROSPECTS OF YOUR COMPANIES.

WE WILL TODAY SHARE WITH YOU AN UPDATE ON YOUR POHTUKAWA INVESTMENTS, THE INITIATIVES GOING FORWARD, AND THE STRATEGIC PRIORITIES FOR THE YEAR AHEAD

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 OR ASK QUESTIONS. THIS IS OUR 11TH YEAR FOLLOWING THE RAISING OF \$53 MILLION IN OCTOBER 2004

IT IS PLEASING TO SAY THAT AFTER A FEW YEARS OF BELOW PAR PERFORMANCE OUR COMMITMENT TO CREATING VALUE OVER A LONGER TERM HAS PAID OFF WITH THE INCREASED VALUATION OF OUR TWO MAJOR INVESTMENTS. NEW FARMS AND INCREASED PRODUCTION AND PROFITABILITY FOR NEW ZEALND KING SALMON AND INCREASED PRODUCTION, PROFITABILITY AND SUBSEQUENT REALISATION OF OUR INVESTMENT IN NEW ZEALAND PHARMACEUTICALS.

TO DATE WE HAVE MADE DISTRIBUTIONS TO SHAREHOLDERS OF \$1.51 PER SHARE INCLUDING THE RECENT 40 CENTS PER SHARE FROM THE REALISATION OF NEW ZEALAND PHARMACEUTICALS – WE HAVE THREE DIRECT INVESTMENTS REMAINING FAIR VALUED AT c27 CENTS PER SHARE – INCLUDING SOME 8 CENTS PER SHARE FROM OUR INVESTMENT IN NEW ZEALAND PHARMACEUTICALS WHICH WILL BE DISTRIBUTED TO SHAREHOLDERS, IN THE NEXT FEW MONTHS, ONCE FINAL SETTLEMENT STATEMENTS ARE AGREED.

WE HAVE PASSED A GREAT MILESTONE – THAT OF ACHIEVING MORE THAN THE 8% PER ANNUM RETURN ON CAPITAL SINCE INCEPTION AND THE EARNOUT (OR PERFORMANCE) PAYMENT IS NOW PAYABLE TO THE MANAGER.

AS YOU ARE AWARE WE ARE FULLY INVESTED APART FROM OUR CASH HOLDINGS OF \$1.4MILLION, AND ONLY FOLLOW-ON INVESTMENTS IN EXISTING COMPANIES WILL BE MADE.

BOARD AND MANAGEMENT CONTINUE TO WORK ON STRATEGIES THAT WILL BRING VALUE TO THE BALANCE OF OUR PORTFOLIO COMPANIES.

GOOD PROGRESS HAS BEEN MADE AND THE MANAGERS WILL PROVIDE AN UPDATE TODAY IN THEIR ADDRESS TO THE MEETING

TURNING NOW TO THE FINANCIAL ACCOUNTS FOR THE YEAR

YOU HAVE COPIES AND THEY ARE REASONABLY SELF EXPLANATORY.

TO SUMMARISE:

- YOU WILL NOTE THAT WE MADE A PROFIT OF \$5.5MILLION FOR THE YEAR. THIS PROFIT IS THE NET RESULT OF:
 - THE \$14.3 MILLION GAIN IN THE VALUATION OF OUR INVESTMENTS – MAINLY NEW ZEALAND PHARMACEUTICALS AND NEW ZEALAND KING SALMON – WHILST AT BALANCE DATE WE HAD A CONTRACT FOR THE SALE OF NEW ZEALAND PHARMACEUTICALS THE FINAL REALISATION DID NOT HAPPEN UNTIL EARLY APRIL, FOLLOWING APPROVAL FROM THE OVERSEAS INVESTMENT OFFICE.
 - A \$1.5MILLION REVERSAL OF AN IMPAIRMENT OF THE LOAN TO NEW ZEALAND KING SALMON.
 - LESS \$1 MILLION FOR THE COST OF ADMINISTRATION AND AN ACCURAL OF \$9.7 MILLION FOR THE EARNOUT.

ANY QUESTIONS ON THE FINANCIAL ACCOUNTS?

I PREFER TO HOLD QUESTIONS ON THE PERFORMANCE OF INDIVIDUAL PORFOLIO COMPANIES UNTIL AFTER THE MANAGERS ADDRESS TO YOU

QUESTIONS??

I NOW MOVE TO THE FORMAL RESOLUTION

PROXY NUMBERS

THE RESOLUTION, DETAILED IN THE NOTICE OF MEETING RELATES TO

*REAPPOINTMENT OF AUDITORS KPMG AND THAT THE DIRECTORS BE AUTHORISED TO
FIX THE AUDITOR'S REMUNERATION FOR THE ENSUING YEAR*

ANY DISCUSSION OR QUESTIONS?

VOTE BY 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
MANAGER.

JOHN MCDONALD
CHAIRMAN POHUTUKAWA PRIVATE EQUITY LIMITED