

POHUTUKAWA PRIVATE EQUITY LIMITED

CHAIRMAN'S ADDRESS TO ASM 23RD MAY 2017

LADIES AND GENTLEMEN -WELCOME

I AM JOHN MCDONALD CHAIRMAN OF BOTH POHUTUKAWA COMPANIES

THANK YOU 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 PORTFOLIO OF EACH COMPANY AS WELL AS COMMENTING ON THE INDIVIDUAL PERFORMANCES OF THE INDIVIDUAL PORTFOLIO COMPANIES.

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

MY FELLOW DIRECTORS PRESENT ARE MAURICE PRENDERGAST AND MIKE CAIRD UNFORTUNATELY, DIRECTOR NEIL CRAIG CANNOT BE PRESENT TODAY AND IS AN APOLOGY.

ALSO PRESENT IS OUR COMPANY SECRETARY PETER LALOR, AND OTHER MEMBERS OF THE CRAIGS TEAM WHO ARE INVOLVED WITH THE ADMINISTRATION OF OUR COMPANIES AS IS JOHN STROWGER FROM OUR LAWYERS, CHAPMAN TRIPP

ROSS GEORGE THE MANAGING DIRECTOR OF DIRECT CAPITAL -OUR INVESTMENT MANAGER- WILL INTRODUCE HIS TEAM WHEN HE ADDRESSES THE MEETING.

WE HAVE APOLOGIES FROM GLEN KEANEY OF KPMG -OUR AUDITORS.

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 POHUTUKAWA 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?

THIS WAS OUR 13TH YEAR FOLLOWING THE RAISING OF \$53 MILLION IN OCTOBER 2004.

WE NOW HAVE ONLY TWO SMALL SHAREHOLDINGS (STRATEX AND FISHPOND) REMAINING AFTER THE REALISATIONS IN THE PAST YEAR OF OUR INVESTMENTS IN NZ PHARMACEUTICALS AND NZ KING SALMON.

THESE SALES RESULTED IN DISTRIBUTIONS. DURING THE YEAR, OF 71 CENTS PER SHARE. SHAREHOLDERS HAVE NOW RECEIVED \$1.86 IN DISTRIBUTIONS -A RETURN OF 12.5% PER ANNUM.

THE REMAINING TWO INVESTMENTS PLUS CASH ON HAND HAVE A NET ASSET VALUE OF 3.2 CENTS PER SHARE.

AS MENTIONED IN OUR ANNUAL REPORT TO REDUCE ONGOING COSTS AGAINST THE REMAINING SMALL PORTFOLIO, TWO DIRECTORS MAURICE PRENDERGAST AND MIKE CAIRD RESIGNED DURING THE YEAR, AND THE REMAINING TWO DIRECTORS, NEIL AND I, HAVE REDUCED OUR DIRECTORS FEES BY 50%

I AM ALSO PLEASED TO ADVISE THAT OUR INVESTMENT MANAGER HAS ALSO AGREED TO REDUCE THEIR ONGOING MANAGEMENT FEES BY 50%.

TURNING NOW TO THE FINANCIAL ACCOUNTS FOR THE YEAR

YOU HAVE COPIES AND THEY ARE REASONABLY SELF EXPLANATORY

TO SUMMARISE:

YOU WILL NOTE WE MADE A PROFIT OF \$6.7 MILLION FOR THE YEAR. THIS MAINLY AROSE FROM THE REALISATIONS FROM NZP. AND KING SALMON BEING ABOVE THIER PREVIOUS VALUATIONS IN OUR PAST FINANCIALS --LESS AN IMPAIRMENT IN OUR LOANS TO STRATEX.

ANY QUESTIONS ON THE FINANCIAL ACCOUNTS.

I PREFER TO HOLD QUESTIONS ON THE PERFORMANCE OF THE INDIVIDUAL PORTFOLIO COMPANIES UNTILL AFTER THE MANAGERS ADDRESS.

QUESTIONS?

I NOW MOVE TO THE FORMAL RESOLUTION

PROXY NUMBERS ---854,000 IN FAVOUR

THE RESOLUTION, DETAILED IN THE NOTICE OF MEETING, RELATES TO:

REAPPOINTMENT OF OUR AUDITORS KMPG AND THAT DIRECTORS BE AUTHORISED TO FIX THE AUDITORS REMMUNERATION FOR THE ENSURING YEAR

ANY DISCUSSION OR QUESTIONS ON THE RESOLUTION?

WE WILL VOTE BY A SHOW OF HANDS -RESOLUTION PASSED -THANKYOU

ANY GENERAL BUSINESS?

IF NOT -PLEASE STAY WHILE WE COVER THE FORMALITIES FOR POHUTUKAWA II FOLLOWING WHICH WE WILL HEAR FROM OUR INVESTMENT MANAGER.