Pohutukawa
PRIVATE EQUITY II LIMITED

**Media Release**

**4 March 2009**

# Pohutukawa II private equity fund raises $82.5 million

Direct Capital and ABN AMRO Craigs today announced the initial public offer by Pohutukawa Private Equity II Limited (Pohutukawa II) has raised $82.5 million.

Pohutukawa II was set up to enable retail investors an opportunity to invest alongside institutional investors in Direct Capital IV, all managed by Direct Capital. Combined, the two funds will have up to $250 million for investment into private companies.

Neil Craig, ABN AMRO Craigs Executive Chairman, says, "To raise $82.5 million in the current market, including over $22.5 million in oversubscriptions is an exceptional result in extraordinarily tough market conditions. These investors understand that the next 3-4 years are likely to represent a period of very good investment opportunities for well-capitalised businesses."

Pohutukawa II was set up to enable retail investors an opportunity to invest alongside institutional investors in Direct Capital IV. It follows on from Pohutukawa I which raised $53 million four years ago and is now fully invested. Pohutukawa II will co-invest with institutional funds (Direct Capital IV) in private companies operating in New Zealand and Australia with a focus on expansion capital for existing owners and in support of succession strategies for existing owners.

Direct Capital is delighted with the response from investors said Direct Capital's Ross George, "There has been a real shift away from complex debt instruments back to simple investment of equity into good, low risk, profitable businesses that just happen to be privately owned.

The investment approach for Pohutukawa II was a distinguishing factor for retail investors and remains unchanged from Direct Capital's previous funds says Ross George. "Our focus is on mid-market businesses with revenues between $25 million and $150 million, in sound industries, with an attractive operating history, proven management, and opportunities for growth.

"The private company market in New Zealand is a larger equity market than the NZX market and Pohutukawa II has enabled retail investors to access this alongside our institutional investors in Direct Capital IV, our fourth institutional private equity fund."

Pohutukawa II and Direct Capital IV will invest alongside each other in private companies operating in New Zealand and Australia in three main situations – providing capital to help companies grow organically or through acquisition, helping management teams acquire business from older owners as part of a succession plan, and thirdly investing companies planning for an IPO. Direct Capital's investments in the likes of Ryman Healthcare and Nobilo Wines ahead of their listings have been good examples of this.

ABN AMRO Craigs Investment Banking was the Lead Manager to the capital raising by Pohutukawa II.

**END**

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**About ABN AMRO Craigs**

ABN AMRO Craigs is one of New Zealand's largest, full-service investment advisory firms with 17 branches and 110 Investment Advisors throughout New Zealand. They are an accredited NZX Firm, with $11 billion funds under advice, servicing over 50,000 clients.
www.abnamrocraigs.com

**About Direct Capital**

Direct Capital was established in 1994 and today continues to be independent and owned by its executives. Direct Capital has raised more than $500 million from institutional investors over 15 years, providing those investors a mechanism for investing in New Zealand private companies. Investments include New Zealand King Salmon, Ryman Healthcare, EFT-POS New Zealand, Airwork, Rodd & Gunn, Go Bus, Shears & Mac4, Innovair, Paper Coaters, New Zealand Pharmaceuticals, and Express Logistics.
www.directcapital.co.nz

**Note to editor**

*Summary of the Offer*

The initial public offering comprised an offer of 60 million shares with provision for oversubscriptions of an additional 60 million shares. The issue price was $1.00 per share, of which

investors pay $0.10 at the time of application. The unpaid portion of the issue price is called by the Board over the next 3-5 years as and when the Manager identifies attractive investment opportunities.  The call structure was designed to enhance the returns of the fund and reflect

The relationship between Pohutukawa Private Equity II and the institutional fund, Direct Capital IV, is shown in the diagram below: