

POHUTUKAWA PRIVATE EQUITY II LIMITED

CHAIRMAN'S ADDRESS TO ASM 11 MAY 2016

WE NOW 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.

WE HAVE A QUORUM – ANY APOLOGIES TO BE RECORDED.

THIS IS OUR 7TH SHAREHOLDER MEETING FOLLOWING THE RAISING OF \$82.5MILLION IN 2009.

ANOTHER GREAT YEAR FOR THE COMPANY WITH THE VERY SUCCESSFUL REALISATION OF OUR INVESTMENT IN TRANSACTIONS SERVICES FOR A GAIN OF \$14.2 MILLION AND, FOLLOWING THE YEAR END, THE SALE OF OUR RESIDUAL SHAREHOLDING IN SCALES CORPORATION AT ABOVE THE THEN MARKET PRICE.

WE NOW HAVE REALISED TWO OF OUR ORIGINAL INVESTMENTS WITH SIX DIVERSE INVESTMENTS REMAINING WITH A NET ASSET VALUATION OF c.25 CENTS PER SHARE.

YOU HAVE PAID 62 CENTS PER SHARE OF THE 80 CENTS NOW COMMITTED AND ONLY FOLLOW-ON OR PARALLEL INVESTMENTS THROUGH EXISTING PORTIFOLIO COMPANIES WILL BE MADE. THERE ARE NO CURRENT PLANS TO MAKE A FUTHER CALL.

WE PAID DISTRIBUTIONS TO SHAREHOLDERS OF 37.4 CENTS PER SHARE DURING THE YEAR MOST OF WHICH AROSE FROM THE SALE OF TRANSACTION SERVICES AND A FURTHER 10.2 CENTS PER SHARE WAS PAID RECENTLY IN APRIL.

IT IS PLEASING TO NOTE THAT WE HAVE NOW RETURNED TO SHAREHOLDERS OVER 8% PER ANNUM ON FUNDS CONTRIBUTED – SOME 4 YEARS EARLIER THAN THAT ACHIEVED FOR PPE1 –AND WE HAVE NOW ACCRUED AN EARNOUT (OR PERFORMANCE) PAYMENT TO OUR MANAGERS.

WHILST WE WILL CONTINUE TO HAVE PERIODS OF VOLATILITY THE BOARD AND MANAGEMENT ARE CONVINCED ON THE LONG TERM PROSPECTS OF OUR REMAINING SIX INVESTMENTS.

OUR INVESTMENT MANAGER WILL COMMENT ON THEIR PERFORMANCE AND PROSPECTS.

TURNING NOW TO THE FINANCIAL ACCOUNTS FOR THE PAST YEAR.

THE \$10.6 MILLION PROFIT WAS A PLEASING RESULT, WITH AS I MENTIONED, THE SALE OF TRANSACTION SERVICES CONTRIBUTING \$14.2 MILLION.

WE HAD A REASONABLE UPLIFT IN THE FAIR VALUATION OF OUR REMAINING PORTFOLIO COMPANIES OF \$4.6 MILLION AND WE RECEIVED \$1.6 MILLION IN DIVIDENDS FROM THEM, WITH THE MAJORITY OF THE COMPANIES CONTRIBUTING.

FROM THESE AMOUNTS WERE DEDUCTED \$1.3 MILLION FOR ADMINISTRATION AND MANAGERS EXPENSES AND AN ACCRUAL OF \$8.6 MILLION FOR THE EARNOUT.

THE ACCOUNTS ARE REASONABLY STRAIGHT FORWARD. I AM HAPPY TO TAKE ANY QUESTIONS ON THE FINANCIALS.

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

PROXY VOTE – IN FAVOUR

THE RESOLUTION, DETAILED IN THE NOTICE OF MEETING IS THAT RELATING 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?

I WOULD NOW LIKE TO HAND THE MEETING OVER TO OUR INVESTMENT MANAGER
TEAM 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. I CAN ASSURE YOU THAT WE, AS A BOARD, DO QUESTION,
PROD AND ASSIST OUR INVESTMENT MANAGERS, PARTICULARLY AS TO THE
GROWTH PROSPECTS AND 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 TWO POHUTUKAWA COMPANIES.

ROSS WILL NOW ADDRESS YOU ON THE FUTURE PERFORMANCE OF THE PORTFOLIO COMPANIES OF BOTH POHUTUKAWA COMPANIES.

FOLLOWING WHICH ROSS AND THE DIRECT CAPITAL TEAM WILL WELCOME YOUR QUESTIONS.

ROSS, I WOULD APPRECIATE IF YOU WOULD INTRODUCE THE DIRECT CAPITAL TEAM

THANKYOU

JOHN MCDONALD
CHAIRMAN POHUTUKAWA PRIVATE EQUITY II LIMITED