

POHUTUKAWA I & II

Pohutukawa



Manager Presentation

Ross George –
Managing Director,
Direct Capital

22 May 2019



25 YEARS OF PRIVATE COMPANY INVESTING

\$1.2b

Capital raised

75

Investments
completed

15%

Weighted average net
IRR across all
Pohutukawa funds



DIRECT CAPITAL

25+

Companies
expanded into
Australia and beyond

44%

Employee growth

64%

Revenue growth



A YEAR IN REVIEW

An active and successful year

THE MANAGER

- Cohesive and clear team strategy – 100% focused on mid-market private company investing
- Additional resource capacity in 2019, Hugh Cotterill

NEW INVESTMENTS (POHUTUKAWA V)

Successfully completed three investments

- Nov 2018 - Exact Radiology
- Dec 2018 - Beca Group
- Feb 2019 - Qestral Corporation

LIQUIDITY

Realised and distributed across Pohutukawa II and Pohutukawa V

- Sep 2018 - Cavalier Wool Holdings
- Sep 2018 - Hiway Group
- Jan 2019 - Marvel Packers Pty
- H2 2019 - Fishpond (settlement pending)
- H2 2019 - Stratex Group (settlement pending)

PORTFOLIO

- Strong and diverse portfolio with clear growth objectives
- Game plans, follow-on capital, clear opportunities to create value
- Strong dividend distribution profile for investors



POHUTUKAWA FUNDS MANAGED BY DIRECT CAPITAL

Direct Capital and Craigs Investment Partners manage Pohutukawa funds I & II

DIRECT CAPITAL III / P1

- Fund size: \$130m
- Pohutukawa I allocation: 45% (\$53.0m)
- Net IRR: 12.6%
- Net return to investors: 1.9X

Due to settle:



DIRECT CAPITAL IV / P2

- Fund size: \$325m
- Pohutukawa II allocation: 28% (\$82.5m)
- Net IRR: 16.1%
- Net return to investors: 1.9X

Remaining investments:



FORECAST POHUTUKAWA CASH FLOWS

The Manager estimates the following cash flows for each fund for the remainder of 2019

POHUTUKAWA I

POHUTUKAWA II

EXPECTED DISTRIBUTIONS

- 3 cents per share as a final distribution in Q4

- Potentially a 2 cent per share distribution of imputed dividends

EXPECTED DRAWDOWNS

- No further capital drawdowns

- Unlikely to have further capital drawdowns




A person stands on a stone pier extending into a body of water at sunset. The sky is filled with vibrant orange, pink, and purple clouds. The water reflects the colors of the sky. The person is silhouetted against the bright horizon. The overall mood is serene and contemplative.


PORTFOLIO REVIEW: POHUTUKAWA II

POHUTUKAWA II: BAYLEYS


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Pohutukawa II		Total Direct Capital	
Investment	Shareholding	Investment	Shareholding
\$3.6m	7.4%	\$15.0m	31.0%



POHUTUKAWA II: PF OLSEN

Forestry Management



Pohutukawa II		Total Direct Capital	
Investment	Shareholding	Investment	Shareholding
\$2.5m	9.5%	\$10.8m	40.0%



POHUTUKAWA II: GEORGE H INVESTMENTS

Residual Industrial Park



Silverstream Industrial Park



Pohutukawa

Pohutukawa II		Total Direct Capital	
Investment	Shareholding	Investment	Shareholding
De-merger	9.3%	De-merger	81.6%

