



**Powerhouse Ventures Limited
(Powerhouse)
Investment Policy**

A. Purpose

The purpose of this policy is to provide a framework for the governance of Powerhouse investment capital and managed third party co-investment funds to ensure that Powerhouse is able to:

- make investment decisions that fit with the approved investment criteria;
- allocate investment capital to investments that fit with the investment strategy; and
- effectively manage investments and divestments to achieve strategic objectives.

B. Investment Strategy Framework

Powerhouse is an intellectual property commercialisation company that harnesses private and public investment to develop new spin-out ventures sourced primarily from research partners such as universities and publicly funded research institutes.

Powerhouse's investment thesis is centred around building a diversified portfolio from a limited number of ventures entering the investment pipeline and a refined number of approved investments to ensure sufficient focus and attention on shaping the resulting investments

Powerhouse takes a portfolio-wide view on investment performance, actively managing the portfolio to generate attractive returns for our shareholders and other stakeholders.

The Investment Strategy documents the core five-year investment objectives of Powerhouse. The Strategy is then reviewed annually by the Board and the strategic initiatives and investment capital allocation plan for the following financial year are generated and then approved.

C: Investment Criteria

Investment and divestment decisions are made with reference to portfolio-wide balance across four technology sectors and three stages of venture development.

Target investments are those which include deep, complex intellectual property, with preference for opportunities founded on public research funding.

The four technology sectors in which Powerhouse invests are:

- Cleantech and Engineering;
- Information and Communication Technologies;
- Agritech and Environmental; and
- Medical and Healthcare.

The three venture stages in which Powerhouse invests are:

- Pre-seed;
- Seed; and
- Post-seed.

Powerhouse invests in limited liability companies which are New Zealand or Australia domiciled at time of investment.

D: Investment Process

Powerhouse has a proprietary methodology for assessing potentially disruptive innovations based on excellent science and engineering originating from universities and research institutes.

The 'How We Invest' Procedure document sets out the investment process and responsibilities for identifying, shaping, investing in, monitoring and divesting portfolio investments.

The 'Investment Advisory Committee Terms of Reference' document sets out the roles, responsibilities and working arrangements for the Powerhouse sector-based Investment Advisory Committees.

The Powerhouse Board is responsible for:

- approving this policy;
- approving the Investment Strategy and Capital Allocation Plan;
- approving non-delegated investments;
- monitoring Investment Policy and portfolio construction and performance targets and compliance; and
- approving divestments.

The Portfolio Committee is a sub-committee of the Board whose members comprise the Chairs of the Investment Advisory Committees. The Board of Powerhouse may delegate certain tasks to the Portfolio Committee.

The Executive Team is responsible for:

- recommending amendments to this policy
- reporting portfolio performance to the Board;
- preparing the Investment Strategy and Capital Allocation Plan;
- approving delegated investments; and
- preparing recommendations to the Board for non-delegated investment decisions.

The Investment Team is responsible for:

- identifying investment opportunities that fit with the Powerhouse investment criteria;
- shaping investment opportunities for investment; and
- processing investment transactions in accordance with the 'How We Invest' Procedure.

The Investment Advisory Committees are responsible for:

- reviewing financial growth performance of investments in their technology sector; and
- providing advice to the Powerhouse Board and Executive about the longer-term strategy for the development of the Portfolio as a whole

E. References

Powerhouse policies

Strategic Plan

Budget

Investment Strategy

Capital Allocation Plan

Procedure Manual 3.0: How We Invest Procedure

Investment Advisory Committee Terms of Reference

Procedure Manual 1.0: Venture Development - the Powerhouse Way (under development)