
Powerhouse Ventures Limited
Notice of Annual General Meeting

powerHouse

Date: Friday 16th December 2016

Time: 2:30pm

Place: Novotel Hotel
Cathedral Square
Christchurch



Business of the meeting

Powerhouse Ventures Limited (the Company) gives you notice that its Annual General Meeting will be held at the Novotel Hotel, Cathedral Square, Christchurch, Friday 16th December 2016 at 2:30pm. The business of the meeting will be as follows.

Item 1 – Financial Statements

To receive and consider the financial statements of the Company for the accounting period ended 30 June 2016, together with the Auditor's report on such financial statements, as contained in the Company's annual report.

Item 2 – Auditor Appointment and Remuneration

To consider and, if thought fit, to pass the following resolution as an ordinary resolution: "To record that Ernst & Young continue in office as the Company's auditors and to authorise the Directors to fix the remuneration of Ernst & Young for the ensuing year."

Item 3 – Election of Directors

- (a) To consider and, if thought fit, to pass the following resolution as an ordinary resolution:
"That Mr Kerry McDonald who retires by rotation in accordance with clause 27.1 of the Company's constitution, and, being eligible and offering himself for re-election, be re-elected as a Director of the Company."
- (b) To consider and, if thought fit, to pass the following resolution as an ordinary resolution:
"That Dr Dianne McCarthy who retires by rotation in accordance with clause 27.1 of the Company's constitution, and, being eligible and offering herself for re-election, be re-elected as a Director of the Company."
- (c) To consider and, if thought fit, to pass the following resolution as an ordinary resolution:
"That Mr Paul Viney who retires in accordance with clause 26.2 of the Company's constitution, and, being eligible and offering himself for election, be elected as a Director of the Company."

Item 4 – Approval of Additional 10% Placement Capacity

To consider, and if thought fit, to pass the following resolution as a special resolution: "That for the purposes of ASX Listing Rule 7.1A and for all other purposes, the issue of up to 10% of the Company's share capital calculated in accordance with Listing Rule 7.1A, and on the terms and conditions set out in the Explanatory Notes, is approved."

Voting Exclusion

The Company will disregard any votes cast on the above resolution (the 'placement resolution') by any person who may participate in the proposed issue or any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares and any associate of such person.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

At the date of finalisation of the notice, the Company has not approached any particular existing Shareholder or an identifiable class of existing Shareholders to participate in the issue of the Shares. No existing Shareholder's vote will therefore be excluded under the voting exclusion in the Notice of Meeting.

Item 5 – General

To consider any other matter that may lawfully be considered at the meeting in accordance with the Company's constitution.

Ordinary Resolution

Items of business 2 and 3 require approval by way of an ordinary resolution of shareholders. An ordinary resolution is a resolution passed by a simple majority (i.e. at least 50% of the votes of shareholders of the Company entitled to vote and voting).

Special Resolution

The 'placement resolution' requires approval by way of a special resolution of shareholders. A special resolution is a resolution passed by at least 75% of the votes of shareholders of the Company entitled to vote and voting.

Quorum

A quorum for a meeting of shareholders is 3 or more shareholders having the right to vote being present at the meeting.

Eligibility to vote

Any shareholder whose name was recorded in the Company's share register at 5:00pm on the day that is 2 working days before the meeting is entitled to attend the meeting and vote on the resolutions either in person or by proxy.

Proxies

You may exercise your right to vote at the meeting either by being present in person or by appointing a proxy to attend and vote in your place. A proxy need not be a shareholder of the Company. You may appoint more than one proxy, provided more than one proxy is not appointed to exercise the rights attached to a particular share.

A proxy form is attached to this notice. If you wish to vote by proxy you must complete the form and produce it to the Company at least 48 hours before the time for holding the meeting.

By order of the Board



Paul K M Viney

Company Secretary
2 November 2016

Venue:

Novotel Hotel
Cathedral Square
Christchurch

Date and time:

Friday 16th December 2016
2:30pm

Explanatory Notes

The purpose of this Explanatory Notes section is to provide shareholders with further information on the items of business to be considered at the Company's annual general meeting.

Item 1 – Financial statements

This item is intended to provide an opportunity for shareholders to raise questions on the financial statements and auditor's report contained in the Company's annual report. However, there is no requirement to approve the financial statements.

Item 2 – Auditor Appointment and Remuneration

Ernst & Young was appointed the Company's auditor by the Board on 14 May 2015. Pursuant to section 207T of the Companies Act 1993, Ernst & Young is automatically reappointed at the annual meeting as auditor of the Company. The proposed resolution is to authorise the Directors to fix the auditor's remuneration for the following year for the purposes of section 207S of the Companies Act 1993.

Item 3 – Election of Directors

Clause 27.1 of the Company's Constitution requires one-third of the Directors (or, if their number is not a multiple of three, then the number nearest to one-third) to retire from office at the annual meeting each year (with the retiring Directors being those who have been longest in office since they were last elected or deemed elected). Mr Kerry McDonald and Dr Dianne McCarthy have been determined by the Board to retire by rotation pursuant to this provision and offer themselves for election.

A single Executive Director nominated by the Board is exempt from these rotation requirements. This is Stephen Hampson, the Managing Director. Clause 26.2 of the Company's Constitution allows the Board to appoint a person to be a Director to fill a casual vacancy or as an addition to the existing Directors.

A Director appointed under this clause may hold office only until the next annual meeting and is then eligible for election, but must not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Mr Paul Viney, the Chief Financial Officer and Company Secretary was appointed in accordance with this clause and as such must face election at the Annual General Meeting.

See page 7 for information about the candidates for re-election.

Item 4 – Approval of Additional 10% Placement Capacity

Purpose of the ASX Listing Rule 7.1A Special Resolution

Under the 'placement resolution', the Company is seeking shareholder approval to create an ability to issue up to an additional 10% of the issued share capital of the Company under ASX Listing Rule 7.1A (10% Placement). The 'placement resolution' is a special resolution and requires approval of at least 75% of the votes cast by Shareholders present and eligible to vote. The only securities that the 10% Placement can cover are existing quoted securities, namely ordinary fully paid Shares.

Under Listing Rule 7.1A, an eligible listed entity may, subject to shareholder approval by way of special resolution, issue Shares comprising up to 10% of its issued share capital in addition to the normal 15% new issue capacity under Listing Rule 7.1. An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

As at the date of this Notice of Annual General Meeting, the Company has 28,986,363 Shares on issue and therefore, in addition to any other Shares which it can issue under the permitted exceptions to Listing Rules 7.1 and 7.1A, it has the capacity to issue:

- (a) 4,347,954 Shares under Listing Rule 7.1; and
- (b) subject to Shareholder approval being obtained under Resolution 4, 2,898,636 Shares under Listing Rule 7.1A.

The actual number of Shares that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Shares in accordance with the formula in Listing Rule 7.1A.2.

Additional Information Required by Listing Rule 7.3A

In accordance with ASX Listing Rule 7.3A, the following information is provided in relation to the proposed issue of Shares under the 10% Placement.

ASX Listing Rule 7.3A.1 Minimum Issue Price

In accordance with Listing Rule 7.1A, Shares issued by the Company under a 10% Placement can only be issued at a price that is not less than 75% of the volume weighted average price (VWAP) of the Shares calculated over the 15 trading days on which trades in its Shares were recorded immediately before:

- the date on which the issue price of the Shares is agreed; or
- the issue date (if the Shares are not issued within five trading days of the date on which the issue price is agreed).

ASX Listing Rule 7.3A.2 Dilution of Existing Shares

If the 'placement resolution' is approved by Shareholders and the Company issues Shares under the 10% Placement, there is a risk of economic and voting dilution to existing Shareholders as a result. Further, as the market price of the Company's Shares may be significantly lower on the issue date than on the date of AGM approval and because the Shares may be issued at a price that is at a discount to the market price on the issue date, there is a risk that the 10% Placement may raise less funding than it would based on current market prices.

The following table describes the potential dilution of existing Shareholders on the basis of changes to both the number of Shares on issue and the issue price of Shares. The formula applied in the below table is that which is prescribed by ASX Listing Rule 7.1A.2. Variable 'A' represents the number of shares the Company currently has on issue. As required by Listing Rule 7.3A.2, the table below shows a number of hypothetical scenarios for a 10% Placement, including where variable "A" in the formula in Listing Rule 7.1A.2 (representing the Company's share capital) has doubled and the Company's share price has halved.

Dilution Table

Variable 'A' in Listing Rule 7.1A.2		50% decrease of Issue Price A\$0.39	Current Issue Price of A\$0.77	100% increase of Issue Price A\$1.54
Current number of shares on issue 28,986,363	Maximum number of shares issuable under 10% Placement	2,898,636	2,898,636	2,898,636
	Funds raised	A\$1,130,468	A\$2,231,950	A\$4,463,899
50% increase in current number of shares on issue 43,479,544	Maximum number of shares issuable under 10% Placement	4,347,954	4,347,954	4,347,954
	Funds raised	A\$1,695,702	A\$3,347,925	A\$6,695,849
100% increase in current number of shares on issue 57,972,726	Maximum number of shares issuable under 10% Placement	5,797,272	5,797,272	5,797,272
	Funds raised	A\$2,260,936	A\$4,463,899	A\$8,927,799

The dilution table has been prepared on the following hypothetical assumptions (although the Company does not represent that they will necessarily occur):

- the Company issues the maximum number of Shares available under the 10% Placement;
- any increase in Variable A (being the issued share capital at the time of issue) is due to an issue of Shares which is an exception in Listing Rule 7.2, for example a pro-rata rights issue. However, a 15% placement under Listing Rule 7.1 does not increase variable "A" for the purposes of calculating the placement capacity under Listing Rule 7.1A;
- the dilution table shows only the effect of issues of Shares under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1;
- the dilution table does not show the dilution that may be caused to any particular Shareholder by reason of placements under Listing Rule 7.1A, based on that Shareholder's holding at the date of the AGM. For instance, Shareholders will have different outcomes depending on whether or not they participate in a pro-rata issue which has the effect of increasing variable "A"; and
- the Share issue price is assumed to be A\$0.77, being the approximate Share price on 31 October 2016 immediately prior to finalising this Notice of AGM.

ASX Listing Rule 7.3A.3 Placement period

Shareholder approval under Listing Rule 7.1A is valid from the date of this AGM until the earlier to occur of:

- 12 months after the date of the AGM; and
- the date of approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking), or such longer period if allowed by ASX.

The approval under the Listing rule 7.1A will cease to be valid in the event that Shareholders approve a transaction under ASX Listing Rules 11.1.2 or 11.2.

Shareholder approval under Listing Rule 7.1A does not lapse if the Company's market capitalisation subsequently exceeds \$300 million or if it is included in the S&P/ASX 300 Index at some time during that period provided that the Company meets those criteria on the date of the AGM.

ASX Listing Rule 7.3A.4 Purpose of Additional Equity Shares

The Company may seek to issue Shares under the 10% Placement for either:

- a cash issue price. In this case, the Company may use the funds for working capital, further investments in new or existing portfolio companies, or for other corporate purposes; or
- non-cash consideration, such as for the acquisition of new assets or investments, subject to any applicable ASX requirements.

In either case, the cash issue price for Shares or the value of the non-cash consideration Shares must comply with the minimum issue Share price noted in paragraph 3 above.

ASX Listing Rule 7.3A.5 Allocation Policy

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue under the 10% Placement. The identity of the allottees under the 10% Placement will be determined on a case by case basis having regard to a number of factors, including the following:

- the methods of raising funds that are available to the Company, including a rights issue or other issue in which existing Shareholders can participate;
- the effect of the issue of the Shares on the control of the Company;
- the financial situation and solvency of the Company; and
- advice from corporate, financial and broking advisors (if applicable).

The allottees under the 10% Placement have not been determined as at the date of finalisation of this Notice of AGM and may include existing substantial Shareholders and/or new Shareholders, but the allottees cannot include any directors, related parties or associates of a related party of the Company without a further specific shareholder approval under ASX Listing Rule 10.11 (unless an exception to ASX Listing Rule 10.11 applies).

ASX Listing Rule 7.3A.6 Prior approvals under ASX Listing Rule **7.1A**.

The Company has not previously obtained approval under ASX Listing Rule 7.1A.

Director's Recommendation

The Directors unanimously recommend that the shareholders vote in favour of this resolution.

Information about the candidates for re-election and election



Kerry McDonald

Chairman, Non-Executive Independent Director

Kerry is a professional company director, chairman and board advisor with extensive experience in private and public sector entities in New Zealand, Australia and elsewhere.

He is Chairman of a multi-national NZX listed company, Deputy Chairman of the NZ Institute of Economic Research and a director of numerous other entities.

He was previously Chief Executive of the NZ Institute of Economic Research and a Managing Director of an International top 10 ASX listed entity. Kerry has held Director positions with major ASX and NZX listed financial services, mining and industrial companies.

He has been a member of many Australian and New Zealand business advisory councils and committees, as well as National think-tanks. This includes work in University and research funding fields. He is a life member of the Australia-NZ Business Council and was the NZ Chairman of the Australia-NZ Leadership Forum.

Kerry has also been a director of a number of corporations listed on international stock exchanges.

Kerry is Chairman of the Powerhouse Corporate Governance and Nomination Committee and a member of the Human Resources and Remuneration Committee and the Audit and Risk Committee.



Dianne McCarthy

Non-Executive Independent Director

Di is the former Chief Executive of the Royal Society of New Zealand. Over the past 20 years, Di has had extensive experience in a number of management and governance roles in the tertiary education, science and health sectors. This includes at Pro Vice-Chancellor, Trustee, Councillor and member level at various New Zealand and Australian Universities and Crown Research Institutes. She was a professor of behavioural neuroscience at the University of Auckland and has had extensive involvement with Australian universities and academies.

She was made an Officer of the New Zealand Order of Merit for her services to education (2008); a Companion of the Royal Society of New Zealand for services to science (2015); and a Companion of the New Zealand Order of Merit for service to science, business and women (2016).

Di is the Chairman of the Powerhouse Human Resources and Remuneration Committee and a member of the Portfolio Committee.



Paul Viney

Executive Director, Non-Independent, Chief Financial Officer and Company Secretary

Paul is a career finance and governance professional, being a Fellow of both CPA Australia and the Governance Institute of Australia. He has worked in Australian industrial and financial services organisations for over 30 years and has specialised in financial and management accounting, value creation, mergers and acquisitions and corporate governance. He has worked in packaging, regulatory, cement, coal and masonry, printing and publishing and financial services industries. Prior to joining Powerhouse, Paul was Chief Financial Officer and Company Secretary at an ASX top 300 listed banking group which operated two retail banking licences and a wealth and fund management Company.

Paul has also served on a number of Boards in the professional services, media and health services industries.

Notes

