

11 October 2018

Dear Shareholder

Pohutukawa II Distribution 12 October 2018

The Pohutukawa II Board is pleased to announce a gross distribution of 13 cents per share (cps).

We expect the distribution will be paid to your nominated bank account on or about 12 October 2018. The distribution is payable to shareholders on the Register as at 5 October 2018.

The 13 cps gross distribution represents capital proceeds of 11.1 cps from the realization of both Hiway Group and Cavalier Wool Holdings and gross dividends and other income of 1.9 cps from portfolio companies. There are two dividends resulting from Hiway Group cash flows, one is a fully imputed dividend, the other is gross income which will have tax deducted at your prescribed rate. Details of the distribution are provided in your distribution statement from the Registry.

Following this distribution, you will have received total gross returns of 101 cps compared to your contributed capital of 62 cps.

Net Asset Value

Following the distribution, the indicative net asset value of the remaining assets in Pohutukawa II is approximately 15 cps, after allowing for earn-out.

We congratulate the investment management team at Direct Capital on this excellent result.

Thank you for your continuing support, and if you have any queries on the distribution please contact Peter Lalor at Pohutukawa II Management Ltd on 07-927 7927 or email enquiries@pohutukawafund.co.nz.

Yours faithfully

POHUTUKAWA PRIVATE EQUITY II LIMITED



JOHN MCDONALD
Chairman