

25 August 2017

Dear Shareholder

Pohutukawa Private Equity II Limited - Sale of Energyworks

Our investment manager Direct Capital has advised that on the 21st August 2017, Dallas Chadwick, the former managing director of Energyworks announced he had purchased 100% of Energyworks from Direct Capital IV, Pohutukawa II and three current or former executives of the company.

Energyworks is based in Taranaki and is involved in the oil and gas maintenance industry. The energy industry, and oil in particular, has gone through a substantial downturn which has affected oil companies and all suppliers to them, including Energyworks.

The board and shareholders of Energyworks agreed to sell the business to Dallas who will run the business on an owner-operator model. The manager believes Energyworks, under this model, is the best placed to compete successfully in a competitive and contracted industry.

Energyworks continues to be a prime contractor in the oil and gas industry notwithstanding the contraction in that industry. It will continue to be a substantial employer in New Plymouth.

The business was sold at a valuation approximating Pohutukawa II's 30 June 2017 carrying value and Net Asset Value post this transaction remains consistent at 27 cents per share.

We do not anticipate new drawdowns or distributions in the near term. The balance of the Pohutukawa II portfolio continues to benefit from strong economic growth. The Manager expects the interim report to be finalised and distributed to shareholders by the end of September and we look forward to providing you further updates during the year.

Pohutukawa News Alerts

If you would like to receive Pohutukawa news alerts by email please send your request and email contact to enquiries@pohutukawafund.co.nz.

Yours faithfully

POHUTUKAWA PRIVATE EQUITY II LIMITED



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Director – on behalf of the Pohutukawa II Board