

28 October 2008

Dear Pohutukawa Shareholder

Pohutukawa Distribution – Innovair and Gluck

We are pleased to confirm a distribution of 8.44 cents per share arising from the sale of Innovair and Gluck's Australian business advised earlier in the year. The distribution also includes an Innovair dividend.

Innovair Group Limited

Innovair Group, the owner of the Robocan pest control product agreed to the sale of its assets to multinational SC Johnson. Innovair has achieved a leading market position in New Zealand's pesticide market and a strong and growing position in Australia.

The value of the transaction is confidential but represents a very positive outcome for Pohutukawa shareholders, producing an annualised IRR of over 250%. The sale is subject to certain conditions, which involves 15% of the proceeds being held in escrow for two years. Including final proceeds the expected return on capital invested will be close to a 4x multiple.

The amounts of the capital and dividend distribution at this time are:

- A capital return of \$2,824,117 against an original investment of \$919,480.
- A dividend of \$275,844 paid on a fully imputed basis.

International Forwarding Limited - Gluck Sale

On 30 May 2008 International Forwarding Limited sold its interests in Gluck Pty Limited to Toll Holdings Limited. The return to Direct Capital Partners, including Pohutukawa significantly exceeded our base annualised internal rate of return of 20%.

IFL-Gluck has retained Gluck's New Zealand business and also retained it's holding in the Australian warehouse and distribution business.

- The capital distribution is for \$1,238,742 against an original investment of \$873,502 for the entire Gluck investment in New Zealand and Australia.

Distributions

Pohutukawa is distributing a total of \$4,338,763. The following summary table shows the breakdown of the distribution on a cents per share basis that will be paid to you on or about 5 November 2008. The net cash distribution is 8.18 cents per share.

	Capital Return - cents per share	Dividend cents per share	Imputation Credits	Total Gross Returns
Innovair Dividend		0.520460	0.256346	0.776807
Innovair capital return	5.328523			5.328523
IFL-Gluck capital return	2.337249			2.337249
	7.665773	0.520460	0.256346	8.442579

Payment will only be made to your nominated bank account advised to the Registry (Link Markets Services) at the time your Pohutukawa shares were registered into your name. If you have not advised your bank account details to the Registry please contact them now.

Investment Activity

In the current turbulent economic environment the opportunity for private equity investment remains positive and we have a number of new investment opportunities under active review.

Further information on the investment portfolio is contained on our website,
www.pohutukawafund.co.nz.

30 cent per share Call

We informed you on 5 September 2008 of the final 30-cent Pohutukawa share call due for payment on 5 December 2008. You will be advised of payment details during November.

Pohutukawa II Fund

We are pressing ahead with the next Pohutukawa Fund and you should see marketing for this capital raising later this year or early next year depending on market conditions. As mentioned above, the current environment may present some outstanding investment opportunities.

On behalf of the Board, I would like to take this opportunity to thank you for your continued support.

Yours sincerely

POHUTUKAWA PRIVATE EQUITY LIMITED



John McDonald
Chairman