

3 December 2009

Dear Shareholder

Sale of Express Logistics

On 23 October 2009 we announced via our website, www.pohutukawafund.co.nz, that portfolio company Express Logistics Group, had sold its business to Toll Holdings. This was a great outcome for Pohutukawa, which resulted from an approach by Toll to Express Logistics.

The \$1 shares issued to Pohutukawa in Express Logistics will provide an expected cash multiple return of 3.5x. This means that from the initial Pohutukawa Express investment made at a cost of 5 cents per Pohutukawa share, the total amount realised from the Express sale for Pohutukawa Shareholders will result in approximately 17 cents per share (cps) being returned to you. The funds will be distributed to you in tranches: the first distribution of 15.75cps will occur on 16 December 2009; with a subsequent payment to be made during the first half of 2010. A final distribution will be made closer to the end of the warranty period in early 2011.

Further Distribution

In addition to the Express distribution on 16 December, a further 1.04cps will be paid on this date, being the proceeds of dividends from NZ Pharmaceuticals and NZ King Salmon.

In summary, the total cash distribution on 16 December will be 16.79cps, bringing total Pohutukawa distributions to date of 60 cents per Pohutukawa share.

Full details of the distribution will be provided in the distribution summary issued by the Registry at the time of the distribution payment on 16 December 2009.

Net Asset Value

Pohutukawa's current net asset value, prior to any distributions, is approximately \$1.02 per share.

New Investment – Fishpond

Pohutukawa is also pleased to announce that it has invested \$593,000 for a minority shareholding in online retailer Fishpond Limited.

Fishpond is Australasia's largest local online book retailer, offering over 2.3 million books, 213,000 CDs, 23,000 DVDs, and 2,100 video games. Fishpond was launched in January 2004 by Daniel Robertson, who rapidly grew the New Zealand business before the launch of the highly successful Australian website in 2005. The Company operates from a distribution centre in Auckland, has approximately 50 employees and services both the Australian and New Zealand markets from its *fishpond.co.nz* and *fishpond.com.au* websites.

Fishpond has a proven business model based on its unique competitive advantage of carrying the largest available selection of Australasian titles and offering 24-hour delivery on a large range of products. This has given Fishpond the ability to generate impressive and profitable growth since its first year.

Online book sales in the Australasian market are experiencing robust growth and Fishpond continues to expand its range of categories, now offering gaming consoles and video games, music, and DVDs.

Fishpond will likely be Pohutukawa's last direct investment with the focus now moving to follow-on investment activity only in the existing portfolio companies.

On behalf of the Board and Management we wish you all a safe, restful and enjoyable festive season with family and friends.

Yours sincerely

POHUTUKAWA PRIVATE EQUITY LIMITED

A handwritten signature in black ink, appearing to read 'John McDonald', with a horizontal line underneath.

JOHN MCDONALD
Chairman