

20 November 2015

Dear Shareholder

Pohutukawa II Distribution 23 November 2015

We are delighted to advise that the Board has approved a gross distribution of 35.05 cents per share (cps).

The distribution includes the capital proceeds received for Pohutukawa II's (PII) shareholding in Transaction Services Group, following the realisation of Direct Capital's entire shareholding in that company. The capital proceeds provide a capital return equivalent to 33.67 cents per PII share.

The distribution of 35.05 cps also includes fully imputed dividends totalling 1.38 cps received from four of our portfolio companies.

The distributions will be paid to your nominated bank account on Monday 23 November 2015.

The table below shows a breakdown of the distribution, including the net cents per PII share before your prescribed RWT/NRWT deductions are deducted from the dividend component only. The capital portion of the distribution is non-taxable (if shares are held on capital account):

Portfolio Company	Source of Distribution	Gross Distribution	Gross Distribution Cents Per Share	Net Cents Per Share <i>*Before RWT/NRWT</i>
Bayley Corporation Ltd	Dividend*	\$ 410,863	\$ 0.00498	\$ 0.00359
Scales Corporation Ltd	Dividend*	\$ 379,636	\$ 0.00460	\$ 0.00331
PF Olsen Group Ltd	Dividend*	\$ 137,040	\$ 0.00166	\$ 0.00120
Cavalier Wool Holdings Ltd	Dividend*	\$ 206,868	\$ 0.00251	\$ 0.00181
Transaction Services Group Ltd	Capital	\$ 27,778,813	\$ 0.33671	\$ 0.33671
Total		\$ 28,913,220	\$ 0.35046	\$ 0.34661
<i>* Imputation credits @ 28%</i>				

Details of the distribution including tax information will be shown in the distribution advice issued to you by the Registry.

Returns to Date

Following this distribution shareholders will have received total gross returns of 69.61 cps compared to capital of 62 cps contributed. Post this distribution the net asset value of the portfolio is approximately 30 cps after allowing for the manager's earn-out.

This is an outstanding result for Pohutukawa II and we congratulate our investment manager Direct Capital on this milestone achievement.

You have contributed 62 cps of the 80 cps capital commitment. 18 cps remains uncalled.

Pohutukawa



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

Yours faithfully

POHUTUKAWA PRIVATE EQUITY II LIMITED

A handwritten signature in blue ink that reads "John McDonald". The signature is fluid and cursive, with a long horizontal stroke extending from the end.

JOHN MCDONALD
Chairman