

15 April 2016

Dear Shareholder

Pohutukawa II Distribution 15 April 2016

The Pohutukawa Board is pleased to announce a gross distribution of 10.24 cents per share (cps).

The distribution includes dividends from Bayley Corporation, Cavalier Wool Holdings and net capital proceeds from the realization of Pohutukawa II's residual shareholding in Scales Corporation.

The Scales media release can be viewed at pohutukawafund.co.nz/news/2016-news.

The 10.24 cps distribution includes fully imputed dividends totalling 0.59 cps and Scales capital proceeds of 9.65 cps.

We expect the distributions will be paid to your nominated bank account on or about 15 April 2016.

The distribution is payable to shareholders on the Register as at 8 April 2016.

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.

| Portfolio Company | Source of Distribution | Gross Distribution | Gross Distribution | Net Cents Per Share |
|----------------------------|------------------------|---------------------|--------------------|---------------------|
| | | Cents Per Share | | *Before RWT/NRWT |
| Bayley Corporation Ltd | Dividend* | \$ 154,074 | \$ 0.00187 | \$ 0.00134 |
| Cavalier Wool Holdings Ltd | Dividend* | \$ 330,989 | \$ 0.00401 | \$ 0.00289 |
| Scales Corporation Ltd | Capital | \$ 7,959,941 | \$ 0.09648 | \$ 0.09648 |
| Total | | \$ 8,445,003 | \$ 0.10236 | \$ 0.10072 |

* Imputation credits @ 28%

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 79.85 cps compared to capital of 62 cps contributed. Post this distribution the net asset value of the remaining portfolio is approximately 23 cps after allowing for the earn-out performance payment.

This is another outstanding result for Pohutukawa II and we congratulate our investment manager Direct Capital on this successful investment outcome.

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

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



JOHN MCDONALD
Chairman