

25 October 2019

Dear Shareholder

Directors are pleased to advise you that the residual investments of Pohutukawa Private Equity have been successfully realised and a final distribution can now be made, following which the Company will be wound up.

Pohutukawa Private Equity has been operating since 2004. The Fund made 12 investments and the remaining two portfolio companies, Stratex and Fishpond, have now been realised. To facilitate the wind up process our residual interest in BioPacificVentures has been transferred to our investment manager, Direct Capital Management Limited at carrying value as there is no expectation of any future uplift in value.

Distribution

Directors have declared a final gross distribution of \$1,755,800 or 3.3 cents per share (cps) which will be paid on or about 25 October 2019. At the last annual report as at 31 December 2018 Pohutukawa had a net asset value of approximately 0.4 cps (after allowing for earn-out) so the delay in realising the remaining investments has produced a pleasing uplift in value for shareholders.

Investment Return

During the term of the Fund total gross investments were \$47.5m, with realised proceeds of \$116.9m. Including this final distribution, for every dollar invested, you have received back gross distributions totalling \$1.87. This represents a net internal rate of return of 12.6% per annum over the fifteen years of your investment. An excellent result and we congratulate our investment managers Direct Capital on this very successful outcome.

Fund Wind-up

Directors have now commenced steps to liquidate the Pohutukawa group of companies. Approximately \$40,000 of the available cash is being retained to cover Fund wind-up and liquidation costs.

If any surplus cash remains after payment of final wash up costs it will be donated to charity.

A copy of the final audited Annual Financial Statements for the year ended 31 December 2019 will be uploaded to the Pohutukawa website in April 2020. This will be shown on the website and advised through the Craigs Investment Partners network. There will be no separate mailout to shareholders.

Finally, on behalf of the Craigs Investment Partners management team, our investment manager Direct Capital and directors, I extend our appreciation to you for supporting the Company on this fifteen-year journey. I trust you are pleased with the overall return the Fund has produced for you.

If you have any questions on the final distribution, please contact Peter Lalor at Craigs Investment Partners - peter.lalor@craigsip.com or phone 07 9277 927.

Yours faithfully

POHUTUKAWA PRIVATE EQUITY LIMITED

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

JOHN MCDONALD

Chairman