

Ascot Private Equity Limited

PO Box 691
Shortland Street
Auckland

30 June 2010

Dear Capital Stockholder

Ascot Private Equity Limited – June 2010 Update

I am writing to you as a shareholder in Ascot Private Equity Limited (“Ascot”). Given there have been some significant developments since my last communication, I thought I would provide you with an informal update on Ascot’s activities prior to the release of the 2010 Annual Report in a few months time.

Investment in Nextwindow

Since my last communication, Ascot has sold its 8.2% shareholding in Nextwindow to SMART Technologies, a Canadian company that has interests in the touch-screen industry. Nextwindow was Ascot’s largest investment. The transaction was complex, and the sale documentation contains the usual confidentiality requirements that unfortunately preclude a detailed disclosure of the key terms and conditions to investors.

Needless to say, I am very pleased with the sale outcome and what it means for Ascot investors. It is very satisfying for Ascot and its investors to have been involved in a real ‘kiwi success story’ – particularly given some of the problematic issues that Nextwindow faced when I first got involved with the company back in early 2007.

The sale price was attractive relative to the book value of the investment in Ascot’s accounts and consequently the transaction is value-enhancing for Ascot investors. The precise implications for Ascot’s net asset backing will be clear once the 2010 audit is complete.

One of the key conditions of the Nextwindow sale was that a material portion of the sale proceeds are subject to an escrow arrangement until late April 2011. All going well (i.e. no disputed claims from the purchaser have arisen), Ascot’s share of those escrow monies will be released at this time. The usual warranties are representations will also apply to this date – with further limited warranties extending to 31 December 2011.

Investment in Radius Health Group

With the exit of Nextwindow, the largest remaining investment is a shareholding in Radius Health Group. This business has recently undergone a restructuring whereby it has sold its investment in Radius Residential Care (its rest home and retirement village business), leaving it with investments in the pharmacy and medical sectors. The proceeds from the sale of Residential Care were largely used to pay down debt.

We hope to receive further information from the company shortly that will allow us to estimate the valuation implications of this restructuring.

Ongoing Investment Activities

As you know, commitments have been given to the major shareholder of Ascot to facilitate a liquidity event for investors by December 2012. For this reason, and because of the time-related issues around the sale of Nextwindow (the escrow arrangement in particular), Ascot is somewhat limited in the types of investments it is able to make.

Notwithstanding these limitations, Ascot is currently reviewing a number of excellent investment opportunities that I believe can add further value for Ascot investors. One of these opportunities has progressed to draft term sheet stage and may soon get to due diligence. I will continue to keep you informed of any significant developments on this front.

2010 Audit Process

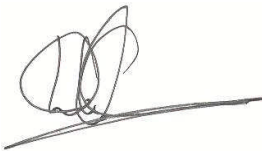
The 2010 annual reporting process is underway and I hope to have audited accounts completed by the end of August. The net asset backing of Ascot is likely to be higher than the 4.7 cents per Capital Stock Unit as at 31 March 2009 as a direct result of the Nextwindow transaction. How much higher is as yet unclear, although this will be one of the few times in Ascot's history where the asset backing has actually increased – a momentous occasion!

If the increase in net asset backing is significant (i.e. greater than 8%), then a performance fee will be payable to the manager. This type of performance fee arrangement is typical for private equity funds of this nature, and incentivises the manager to create value for Ascot investors.

Contact and Feedback

I will be back in contact in the next few months once the 2010 Annual Report has been finalised. In the meantime you can of course contact me at david@ascotcapital.co.nz if you have any questions.

Regards

A handwritten signature in black ink, appearing to be 'David Glenn', written over a horizontal line.

David Glenn
Director
Ascot Private Equity Limited