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ALLEN & BUCKERIDGE VENTURE PARTNERS FUND JUNE 2011

Performance Summary

During the quarter the Investment Manager, Allen & Buckeridge Asset Management Limited (A&B), continued to focus on realising the remaining actively managed investments within the extension period of the Fund and to secure collection of receivables and escrow amounts due from sold investments.

The Fund's shareholding in First Folio, on current advice from A&B, is unlikely to be sold before the Fund closure date. A final Fultec escrow amount was paid in February 2011 and no earn out is expected. Final NetStar sale escrow amounts were paid in January 2011. Millenium IP is now fully provided for with no forecast proceeds due to the Fund. RBN has been wound up.

Although the winding up process for the Fund will commence on 1 October 2011 it should be assumed that it will extend into the later part of 2012. Huntley Management Limited (HML) has agreed a process with Allen & Buckeridge to allow for the collection and distribution of some proceeds which will continue to flow back to the Fund beyond this date. HML will make arrangements to ensure that distributions of these amounts will be made as quickly as possible.

Context

In reviewing the performance of the fund it is important to keep its results to date in context:

- A total of \$4m was raised in the A&B Venture Partners Fund that was applied to a \$132m co-investing pool including \$105m from the wholesale Allen & Buckeridge III Trust and \$23m from the Blue Peak Fund. A further \$200,000 was committed to the Kennett 11 Fund, based in London.
- It is now 11 1/4 years since the first closing in March 2000. The Fund has been extended to 30 September 2011. The Co-investment Deed between the three Funds has also been extended to 30 September 2011.
- 15 investments were made originally with all but 4 sold or being wound up.
- **July 2005:** Vintela Inc was sold for a 5x return and the proceeds from the sale have been distributed
- **June 2006:** AGN International was sold for a loss, returning 25% of capital.
- **June 2007:** Hitwise was sold for US\$260m cash, an escrow of \$857k was released to the Fund in December 2008. These funds have been distributed to investors.
- **September 2007:** The Australian unit of Communicator Interactive was sold to BlueFreeway Limited in September 2008. The Fund has received \$32.8k cash and 22,587 BlueFreeway shares from the sale. The shares have been sold and the proceeds have been returned to the Fund. The remaining business unit in New York, t/a Safari Sundays, continues.
- **May 2008:** RBN sold its asset to Sorrento for US\$2.5m on an earn-out basis, which is unlikely to produce any return to the Fund.
- **August 2008:** Sententia was sold to its management for an initial payment of \$1.5m and an additional two payments on an earn-out basis are due in March 2009 and March 2010.
- **September 2008:** The circuit protection assets of Fultec were sold to Bourns Inc of California. Initial consideration paid could grow with an earn-out based on sales in 2009 and 2010 but there

is little prospect of a minimum sales threshold being achieved. The power FET R&D assets were sold to Fairchild Semiconductor.

- **October 2008:** eChoice was sold to First Folio Ltd for an estimated consideration of \$5.5m to be paid over 4 years from the proceeds of the commission trail in the loan book and fees from licensing the eChoice technology to all the First Folio businesses.
- **January 2010:** Netstar was sold to Datatec Limited. The Fund received A\$4,887 cash and 15,142 Datatec shares as its share of the total sale amount. The shares have been sold and the proceeds, \$70,615 net of costs, were returned to the Fund.
- **April 2010:** NextGen gaming was restructured into a Guernsey holding company, (RNG) and 16% of the shares in RNG sold to another shareholder.
- **December 2010:** eKit.com signed an agreement to sell the company to Jersey Telecom, and Millenium IP was fully provided for.
- **March 2011:** terms of a management buyout of the shares in Safari Sundays were agreed.
- **March 2011:** Firstfolio agreed to purchase the remaining loan trail and platform licensing fees for cash from the eChoice vendors, which will yield an incremental \$16k to the Fund beyond those already received.
- All of the remaining capital is called and cash is reserved to meet operational costs.
- The Venture Partners Fund retains its limited partnership interest in the Kennett 11 LP Fund. The closing date for this Fund has been extended to 30 September 2011.

Quarter Highlights and Investment Exit Plans

- ✓ **RNG Holdings Guernsey (holding company for NextGen Gaming):** RNG is trading profitably after two loss years but it is unlikely to be sold by the majority of shareholders until growth and higher margins have been achieved. A&B do not think that this will be before 2014. The task for A&B is to sell the Fund's shares in RNG before the winding up period completes at September 2012.
- ✓ **eKit.com:** eKit.com directors signed a merger agreement with Jersey Telecom for acquisition of all shares and options in the company in December 2010. All sale action was completed in April 2011. Warranty escrow and earn out amounts will not be received by the Fund until July 2012 and March 2012 respectively
- ✓ **Safari Sundays (remaining business of Communicator):** Terms of a management buyout of the shares in Safari Sundays have been agreed.
- ✓ **Wishlist Holdings:** A trade sale to Qantas Frequent Flyer completed during August 2011 and proceeds will be distributed in September.

Unit Valuation: The unit price as at 30 June 2011 is **\$1.6241** based on net assets of the Fund. The net capital value of a unit is now \$3.55. The units were issued at \$10 per unit. This is a decrease of 1% for the quarter.

A copy of this report is available on our website www.huntleygroup.com.au

Past performance is not a guide to future performance. Any view of the Investment Manager, Allen & Buckeridge, regarding the future performance of the Trust is based on its current market assumptions and is not a guarantee of future performance. The BluePeak Venture Capital Technology Trust is closed to new investments.

Any information contained in this publication has been prepared without taking account of any person's objectives, financial situation or needs. Because of that, each person should, before acting on any such advice, consider the appropriateness of the advice, having regard to their objectives, financial situation and needs. We also recommend that you seek independent legal and financial advice before making any decision about your investment in the Trust. The disclosure document, provided to you prior to investing in the Trust will contain information about the Trust and will usually include the costs associated with the Trust and details of their fees and charges, which may apply, including any commissions to third parties.

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