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BLUEPEAK VENTURE CAPITAL TECHNOLOGY FUND SEPTEMBER 2010

Performance Summary

During the quarter the Investment Manager, Allen & Buckeridge Asset Management Limited (A&B), continued to focus on developing and progressing exit strategies for the 4 remaining investments. Millenium IP is now fully provided for with no forecast proceeds due to the Fund. The Manager has initiated a process for gaining liquidity for investors in all cases and all are expected to provide distributable cash before the Fund termination date of 30 September 2011. In some cases earn-outs may provide for further payments after this date eg. eChoice ordinary shares may receive a distribution after December 2012. Huntley Management Limited is examining processes to deal with these situations beyond the Funds termination date.

The remaining eChoice proceeds should be received by January 2011. Shares in First Folio will be realised before the Fund termination date. A final Fultec escrow amount is due now and no earn out is expected. NetStar sale escrow amounts are due in January 2011.

Context

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

- A total of \$23m was raised in the BluePeak Fund that was applied to a \$132m co-investing pool including \$105m from the wholesale Allen & Buckeridge III Trust and \$4m from the Allen & Buckeridge Venture Partners Fund;
- It is now 10 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. HML has negotiated a 39% reduction in management fees otherwise payable to the investment manager during the one year extension period, offset by providing the manager with a performance incentive if the value of unrealized assets achieved upon sale is in excess of an agreed fair value base at Q2 2010. This is aligned with a similar agreement between the Manager and the two funds that co-invest with BluePeak in the "A&B III Pool".
- 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 2007. The Fund has received \$209k cash and 142,672 BlueFreeway shares as its share of the total consideration. The proceeds from the sales of these shares 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 were received 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 plus sale of some FF shares.

- ✓ **January 2010:** Netstar was sold to Datatec Limited. The Fund received A\$31,200 cash and 95,670 Datatec shares as its share of the total sale amount. The shares have been sold and the proceeds, \$446,176 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.
- All of the remaining capital is called and cash is reserved to meet operational costs.

Quarter Highlights and Investment Exit Plans

- ✓ **RNG Holdings Guernsey (holding company for NextGen Gaming):** Negotiations have commenced with a listed company active in the online gaming industry in Europe and North America to acquire RNG for an issue of shares. Should these negotiations be completed, central management and control will be relocated to London with its CEO being the current CEO of NextGen. The most likely route to liquidity for the A&B 111 Pool would be placement of its shares in the listed entity at a time when the liquidity is created and institutional interest attracted. This timing is uncertain but hopefully in the first quarter of CY11.
- ✓ **eKit.com:** eKit.com directors continue to seek trade buyers in the UK and Europe with some interest being generated. The aim is to close a sale transaction before the end of Q1CY11. As earlier advised an investment bank in London has been appointed and the CEO has relocated to the UK where a trade buyer is most likely to be found.
- ✓ **Safari Sundays (remaining business of Communicator):** A&B expects that this business will be acquired during 2011. The sale will complete the exit from the Communicator Interactive group which sold 3 business units in the last 3 years to recover 44% of the Fund's investment cost to date.
- ✓ **Wishlist Holdings:** A trade sale process has commenced with an Information Memorandum being released to targeted trade buyers on 25 October 2010. A comprehensive data room has been constructed containing vendor due diligence materials prepared by PriceWaterhouseCoopers. Offers are sought before mid December 2010.
- ✓ **Unit Valuation: Based on the current valuation of the remaining investments, currency fluctuations and overheads over the last quarter a Stapled Security is valued at \$0.0676 as at 30 September 2010.**

The Fund has now returned to investors in cash by way of dividend, trust distributions and return of capital a total of \$0.74 for each \$1 invested under the Prospectus made up of \$0.3845 as capital returns and \$0.3555 paid as dividends.

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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