

26 February 2010

## TO THE UNITHOLDERS

### ASTTAR PORTFOLIO SERVICE (“APS”) (FORMERLY ASTARRA DIVERSIFIED NO.4 POOL)

#### 1 Background

Neil Singleton, Stephen Parbery and Nicholas Martin were appointed Voluntary Administrators to Trio Capital Limited (“Trio”) on 16 December 2009. Trio is the Responsible Entity of the Astar Portfolio Service (“the Fund”).

Following our appointment, and after establishing that the Fund was “illiquid”, the Administrators closed the Fund to redemptions pending the outcome of their investigation into the financial position of the Fund.

#### 2 Investigations

We have commenced investigation into the financial position of the Fund, particularly, the recoverability of its assets.

We note that the Auditors did not sign an audit report in respect of the Fund as at 30 June 2009 in the absence of available evidence to support the value of the assets disclosed in the Balance Sheet at that date.

As a consequence of our investigations, we are of the view that the Fund is “illiquid”. In particular, we advise that the Fund’s principal asset, being units in the Astar Wholesale Portfolio Services (AWPS) (formerly Astarra Property Pool) are not readily realisable.

Our comments in relation to the financial position of the fund are set out at Section 4 of this communication.

#### 3 Winding Up

The Fund is not in a position to receive any further subscriptions or meet redemption requests and we are unable at this time to provide any guidance as to the timeframe for the realisation of the Fund’s assets.

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In the circumstances, we are of the view that an application should be made to Court to secure the appropriate orders in connection with the winding-up of the Fund.

The application for winding up was filed 26 February 2010 and is listed for hearing in the Supreme Court of New South Wales at 2pm on 19 March 2010.

**Important Note: The winding up of the Fund does not mean a “fire sale” of the assets. The assets of the Fund will be realised in an orderly manner with a view to maximising the returns to unitholders. We propose to involve unitholders in decisions concerning the realisation of Fund assets.**

#### 4 Financial Position of Fund

Set out below is a summary of the estimated assets and liabilities of the Fund at the date of our appointment as Administrators based on information provided by Trio.

Assets	Book Value \$000
Units in AWPS	4,123
Cash	83
	4,206
Less Liabilities	(44)
Net Assets of Fund	4,162
Units on Issue (\$000's)	6,490

In relation to the above summary of financial position, we comment as follows:

- i. Units in AWPS – the value of the units in AWPS is dependent upon the value of the assets of that Fund. Trio is the Responsible Entity of AWPS. The Administrators' investigations to date have identified that AWPS is exposed to a number of problematic assets i.e. assets where the value and recoverability are uncertain. These assets include:
  - Units in Astarra Strategic Fund;
  - Units in Millhouse Private Equity Trust No. 1 and 2;
  - Loan and Investment in Ualan Property Holdings.
- ii. The liabilities of the Fund are principally comprised of professional fees. These have not been clarified at this time.

**Our investigation into the value and recoverability of the assets of APS is continuing. The Administrators do not at this time provide any warranties as to the ultimate value of the assets of the Fund or the value of the units in the Fund. Further updates will be provided to unitholders in due course.**

## 5 Future Course of Action

Subsequent to the application of the winding up of the Fund being heard by the Court, the Administrators propose to convene a meeting of unitholders to discuss the winding up strategies.

Yours faithfully



**Neil Singleton**  
**Joint Administrator**