Thorney Technologies Ltd

ABN 66 096 782 188

13 September 2017

Dear fellow TEK shareholder

I am happy to report that since I last wrote to you in June 2017, TEK has continued to perform strongly and there have been some significant and exciting developments in several of our major holdings.

At the end of August TEK's Net Tangible Asset (NTA) stood at 23.8 cents per share compared to 22.7 cents at the end of June - a rise of 4.8% in two months and approximately 14.4% above TEK's NTA when we re-listed on the ASX in January. This is a very satisfying performance in just 8 months of operations as a Listed Investment Company.

We have now deployed more than 60% of the capital we raised in January and we continue to see a very strong pipeline of opportunities in both listed and unlisted companies in Australia as well as in the USA and Israel.

Below I have outlined some of the highlights that have occurred in our listed portfolio since my last update as well as profiling some of the more interesting unlisted companies we hold.

Listed Portfolio highlights

Updater Inc. (UPD):
Updater is the second largest of TEK's holdings and we continue to be enthusiastic about the growth and potential of this New York based company. It has built a technology platform to help manage the cumbersome process of moving residence for the 17 million Americans who relocate each year.

Having beaten their own aggressive targets to achieve 15% market penetration ahead of schedule, Updater recently announced a very strategic acquisition which will enhance their offering and help them move toward their next market share goal of 35%.

Updater is buying two US companies which have developed the US relocation industry's most widely used and highly regarded software tools for moving and storage companies.

Combined, the companies have revenue of more than US$7million. While the acquisitions will cost a total of $US21 million, Updater has taken advantage of the recent very strong rise in its share price to raise A$50 million. The funds will be used to finance the acquisition, roll out UPD's new insurance division and accelerate the development of other business products to offer to its rapidly growing customer base.

Updater founder and CEO David Greenberg continues to impress us with his dynamism, his ability to exceed growth targets and his vision for creating a unique and valuable service platform for the millions of Americans who move house each year.

Afterpay Holdings Limited (APT):

The Afterpay Touch Group is TEK's largest holding and, like Updater, also continues to exceed expectations with the market penetration of what it calls its "buy now, receive now, pay later" service to Australian retailers and consumers. APT now has more than 1 million customers on its database and is integrated into more than 7200 retail merchants. It continues to grow.

Since my last newsletter, Afterpay has successfully completed its merger with Touchcorp enabling APT to control its own technology platform and setting the course for further expansion. While it continues to grow strongly in Australia, APT has recently expanded into New Zealand and we believe there is real potential to pursue additional offshore markets. APT has also flagged its intention to expand its offering and move into the travel sector.

The sharemarket has also been enthusiastic about APT's growth and prospects and, like UPD, its strong share price rise has been a contributor to the increase in TEK's NTA outlined above.

We believe APT Executive Chairman, Anthony Eisen, CEO, Nick Molnar and their team have done a spectacular job with the company so far and we have high hopes for its continuing growth and future strong profitability.

NextDC Limited (NXT):

This leading data centre operator is continuing to expand. While many in the market have been focussing on a takeover battle between NXT and funds manager 360 Capital for the Asia Pacific Data Centre Trust (AJD) which owns some of NXT's data centre sites, we have been monitoring the excellent operating leverage that NXT is creating. This was strongly evidenced by NXT's recent strong profit performance.

On August 31 2017, NXT announced revenue, profit and cash flow results which met aggressive market expectations and were dramatically above last year.

With a strong balance sheet and growing demand for data centre services in the digital age we believe there is plenty of potential for further earnings growth.

We are very supportive of NXT's aggressive expansion plans for further network capacity under Chairman, Doug Flynn and CEO, Craig Scroggie.

HUB24 Limited (HUB):

HUB is one of the fastest growing superannuation and investment management platforms in Australia.

HUB now has more than $5.8 billion in Funds Under Administration and plans to more than double that amount within the next three years.

The company recently announced its first full year of profit, strong cashflow and record net fund inflows. It has a growing market presence and is winning a significant share of the rapidly expanding managed accounts segment of the market. It is also achieving high levels of client satisfaction.

Not surprisingly HUB has enjoyed strong share price growth over the last 12 months as the market recognises its achievements and potential. HUB Chairman Bruce Higgins and CEO Andrew Alcock have done a tremendous job leading this company.

OneVue Holdings Limited (OVH):
While OneVue also operates in the increasingly relevant fintech space and announced strong profit growth in its latest results, it has yet to capture the market's attention in the same way as some other market participants including HUB24.

We believe this will change as the market begins to appreciate the strong growth and profitability that OVH is delivering in this traditionally competitive space. We have been impressed by how well its fund services, platform services and trustee services are regarded by its customers. As a result we retain a significant holding in OVH and believe our confidence will prove to be justified.

Mesoblast Limited (MSB):
The private Thorney investment group has had a long history with this adult stem cell life sciences company and at TEK we continue to believe that MSB has the potential to be a global leader in the regenerative medicines field.

MSB has a number of adult stem cell products in advanced clinical trials which have the potential to produce major market success in treating patients with chronic heart failure, chronic lower back pain and arthritis among others. However steering potentially breakthrough products through the path of research and development, clinical trials, FDA approvals and eventually to market is a long and extremely costly process.

We believe that while MSB has done its scientific development well, its capital management has been poor. It has raised funds at times when its share price has been low rather than when it has been at higher levels and as a result we would like to see more capital management expertise, cashflow discipline and commercial skills at board and management level. Nevertheless we remain very supportive of MSB's science and keenly await the announcement of new partnerships or licensing deals which MSB can deliver on its long held promise. Ultimate success would not only reward the patience of investors but make a real difference to the lives of suffering patients.

Oventus (OVN):
Oventus is an Australian company which has developed a non invasive device that deals with the common and sometimes life threatening problem of sleep apnoea. While other options such as surgery and CPAP devices already address sleep apnoea and snoring, the attraction of the Oventus device is that it is similar to a mouthguard which is easily fitted and it is comparatively less expensive than other medical options.

OVN recently signed an international manufacturing and distribution deal for its products which will give it access to global markets. TEK participated in a capital raising to fund the deal and build sales. We are looking forward to seeing how the global marketplace accepts the technology over the next year or so.

GetSwift Limited (GSW):
GetSwift is a logistics software operator providing dispatch, tracking and route optimisation technologies for transport fleet operators, food chains and other end customers.

The technology enables customers to enhance their brand through generating efficiencies, increasing sales and achieving consistency in delivery services. Its services are used in 566 cities in 66 countries and GSW has delivered more than 2 million parcels in aggregate.

On September 12, GSW announced a potentially company changing partnership with a large North American automotive group for its delivery services that could eventually result in more than 1 billion transactions a year. The sharemarket responded enthusiastically, pushing GSW's share price up strongly.

Dubber Corporation Limited (DUB):
DUB has been one of the few disappointing investments for TEK so far.

Despite having a voice call recording product and a market opportunity with great potential, we believe the company is yet to demonstrate an ability to execute its strategy, improve its governance and maintain an effective communications approach to shareholders. While DUB has engaged with a number of global telecommunications companies, the company has not yet managed to achieve its stated revenue targets. At the same time, we are concerned that it appears to be burning cash at an alarming rate.

We have made consistent efforts to engage with DUB and have strongly recommended significant changes to their board to better position the company. To date progress has been less than satisfactory. For example, one newly appointed director resigned after only a few months and the other has a close relationship with the existing CEO. In our view there is a clear and urgent need for further changes in DUB's leadership if the company is to achieve its potential.

Unlisted companies:

ChangeUp:

ChangeUp is linked to the Afterpay Touch Group stable and provides a Touchcorp designed app that allows customers to receive their spare change from a transaction electronically. The spare change can subsequently be used in-store and so assists small merchants with customer retention and loyalty.

The company raised $12.5M in August 2016 in a pre-IPO round and is preparing to list on the ASX most likely in early 2018. It already operates across Europe, Asia and Australia.

We like the prospects for Change Up because it is providing a new and convenient use for dealing with pocket change. The business model is highly scalable and the feedback from the merchants who have been using it is that helps increase their sales and lower their customer acquisition costs by bringing customers back.

Hyp3r:

Hyp3r was introduced to us through our strong connections to the San Francisco based venture capital fund, Structure Capital which has a good track record of backing successful start ups.

Hyp3r's technology enables social media to be tracked and analysed by reference to locations, so allowing Hyp3r's customers to engage with their own customers while they are in their venues. For example theme park and stadium owners can use Hyp3r to communicate directly via smart phones with people while they are visiting their venues.

Hyp3r commenced as part of an accelerator program run by Disney and won a start up competition run by Stanford University and US NFL and Tech Crunch early last year. Hyp3r has already enjoyed success with its first customers and we are watching its development with interest.

Inception VR:

Inception VR is an Israel based company providing 360 and Virtual Reality content to enhance consumers' experiences in music, art, culture and many other fields.

We are invested through our partnership with the highly successful Israel based iAngels crowd funding and venture capital group. Leading Israeli venture capitalist Gigi Levy-Weiss is on the board.

Inception has a combination of proprietary technology and exclusive content formats that enable consumers to enjoy an immersive interactive virtual reality experience via the Inception app.

We believe virtual reality will become an increasingly mainstream technology in coming years and a more popular medium for content and creative ideas. While our investment is comparatively small in dollar terms, it ensures we have exposure to one of the world's leading providers in this exciting growth area.

Conclusion

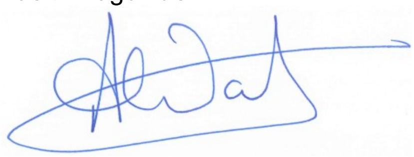
I hope this latest update gives you more insight into the activities and investments undertaken by TEK since our relisting in January. I believe we have more than "hit the ground running" in just eight months and we see many more opportunities ahead. I am excited by the quality and diversity of many of the deals we are seeing in our main focus areas of Australia, the USA and Israel.

However we will always continue to apply the same levels of due diligence and investment rigour that we are known for in making our investment decisions. We will also continue to take advantage of trading opportunities in our key stocks when we judge it is advantageous to do so.

These are exciting and interesting times in the technology space and there is much more to come.

I thank you for your support and for sharing the journey with us.

Best regards



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