

EDITORIAL

As we head into the fourth quarter of 2006, we can't help but think that our market has heated up significantly. This is particularly true of Internet related deals, where valuations have begun to reach highs, which are reminiscent of late 1999. At least four pre-revenue deals with pre-money valuations of more than € 35 million have been announced since September, and entrepreneurs are trying their luck at more. The power shift has taken place and entrepreneurs are now pushing the envelope.

Market conditions today are of course significantly different to those of 2000, but a little caution is probably not unhealthy at this point. Nevertheless, our sense is that we are in a very positive investment environment. The only caveat being: invest away from the center, go to the extremes. To that point, avoid social networks, the winners have already hit the market.

[COMPANY IN THE SPOTLIGHT]

Quintura turns Searching into Finding

Quintura, based in Sergei Posad, Russia is nearing the launch of its Find Engine. With more than 25 engineers, the company has invested over 50 man years of work to study and improve the way people search the Internet. Their thesis is that search as an industry has matured and will face the same problems of innovation that entrenched traditional industries have faced in the past. To Quintura, search has hit a plateau.

After all, who actually goes past 3 of any search result? Use any of the leading search engines and arguably you will get the same results. Some exceptions of course exist, but generally what you get from one is about what you get from the other - the overall experience has not evolved significantly in recent memory. Quintura aims to significantly change all that by introducing the concept of visual search and the

ability to personalize and share search results.

Using Advance Neural Network Techniques, Quintura gives users the power to find what they are really looking for. By using the Quintura Find Cloud, users can visually navigate, refine and reach relevant information faster than ever before. Visualization becomes the center of the user experience, replacing antiquated

listings and boolean strings.

Users can Save and Share Find results, making Quintura the first company to effectively turn the effort of Finding into something that can be used by others. A new way of sharing knowledge is about to hit the Internet.

Tired of pointless search results, join Quintura at www.quintura.com and experience the pleasures of Finding, Saving and Sharing your most relevant results with friends and family.

Quintura is Mangrove Capital Partners' first investment in Russia.



Mangrove visiting Quintura in St. Petersburg, Russia.



A B O U T M A N G R O V E

Mangrove Capital Partners is committed to turn entrepreneurial visions into realities as a means to drive capital appreciation for investors. Our hands-on philosophy in all areas of business and technological development is the cornerstone of our investment strategy and positions us as a true partner for growth.

Mangrove Capital Partners has invested in among other the following companies: Skype (www.skype.com), Securewave (www.securewave.com), Dialcom Networks (www.dialcom.com), Paseosoft (www.paseosoft.com), Nimbuzz (www.nimbuzz.com) AllPeers (www.allpeers.com), Properazzi (www.properazzi.com).

Mangrove's Newsletter is a quarterly issue.

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[PORTFOLIO
NEWS]

WWW.DIALCOM.COM

Dialcom Networks closed a new funding round of \$3 million. Funds are designed to help the company further establish its market facing presence in North America.



WWW.ALLPEERS.COM

Allpeers hits 100,000 downloads in the first 5 days after it launch. The company is using user generated feedback to improve its Beta and expects to launch its official version near the end of Q4.



WWW.NIMBUZZ.COM

Nimbuzz hits 15,000 users in the first month following its launch. The company is looking to further improve usability and should be launch group relate features during Q4.



(UNDER CONSTRUCTION)

Jambaz had conducted a beta test of its software with the University of Miami of Ohio. Over 250 students participated, providing valuable feedback as the company works towards getting its product to market.

[INTERVIEW]



Yannick Laclau, CEO Properazzi

Could you describe Properazzi in a nutshell?

Properazzi is a website where you can find all the property for sale or rent anywhere in Europe. The property listings come from thousands of websites: agencies, builders, classified ad publishers, newspapers, and more. We're constantly growing this list, with the goal of including all online sources that publish quality listings.

The vision driving this effort is a desire to promote transparency and reach in an industry with traditionally opaque, fragmented, and user-unfriendly distribution of information.

Our instrument for achieving the vision is technology, and we've build a top-class team to design a platform that finds, aggregates, structures, and searches any kind of listing, regardless of language, currency, geography, or domain-specific differences. We ourselves are not an agency and won't broker any transactions or represent buyers or sellers. We will earn fees from marketing services for agencies seeking targeted access to the consumers that use our free search technology.

What's your vision of the market for online real estate?

It's an incredible opportunity. The fees generated by real estate transactions make up one of the world's largest industries. And real estate marketing is one of the largest categories in the global classifieds market.

But it's taken a decade for just 5% of offline marketing spend in real estate to shift online. So there's a lot of room for online to grow, and the acceleration of growth in the last couple of years indicate we may be reaching a tipping point of migration.

This is all driven by two factors: first, agencies are following consumers, the vast majority of whom now comfortably conduct their real estate searches online. Surveys are finding this to be the case worldwide anywhere there are developed real estate markets and internet infrastructure. Second, there is increased trust and acceptance of the metrics in place to help prove the efficient and targeted returns of advertising online. The idea of using performance-based methods like pay-per-click and pay-per-lead are rapidly moving into the mainstream.

What's the outlook for Properazzi in this market?

We're very optimistic that our technology will really help consumers, agencies, and publishers find each other much more effectively.

Although online real estate has come a long way in its first decade, there is still a lot of room for innovation. We believe we can contribute in so many ways: with great search technology, a

Properazzi

cleaner user interface, performance-based marketing, more useful analytics, and more. The bottom line for all these activities always come down to the same thing: increasing transparency and reach to help buyers and sellers, and renters and landlords, find each other more easily.

How would you describe your relationship to Mangrove?

The relationship has been very positive from the beginning when Mangrove was willing to arrange a first meeting on very short notice and come spend four hours on a Sunday morning at our office to learn more about our company.

Since the funding, Mangrove have been very supportive and encouraging, transparent and always accessible. As we look forward to growing the company, we're happy to have Mangrove as our partners and are convinced we made a good choice in going with them.



From the Market

ETRE 2006 in Barcelona, further emphasizes the upbeat sentiments held by both entrepreneurs and venture capitalists.