

**PRIVATE AND CONFIDENTIAL  
FOR THE PARTNERS OF  
KOWHAI PRIVATE EQUITY No.1 LP**



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**August 2024**

Dear Partner

**Kowhai Private Equity No.1 LP – Partner Update  
For the quarter ended 30 June 2024**

We are pleased to provide investors in Kowhai Private Equity No.1 LP (Kowhai) with the June 2024 quarter update.

Kowhai invests as a limited partner in Pioneer Capital Partners III LP (PCPIII). PCPIII commenced operations in February 2017, reaching a hard cap of \$260 million in March 2017. Kowhai's committed capital is \$20m, which represents an approximate 7.7% interest in PCPIII. The New Zealand Superannuation Fund is the principal cornerstone investor. PCPIII has called \$250 million to date.

**Kowhai Contributed Capital & Net Asset Value**

Kowhai shares are currently paid to \$0.955 of a total capital commitment of \$1.

Kowhai has cash of \$113,009 as at 20 August 2024.

The estimated Kowhai net asset value is \$0.865 per share based on 30 June 2024 valuations.

**Distributions & Returns**

Gross distributions to date total \$0.112 per share.

TVPI (Total Value to Paid in Capital) to 30 June 2024 is 0.98x.

**Kowhai Call Programme**

The last Kowhai call was for \$0.01 per share paid on 29 June 2024.

We will provide you with the usual 10-day call notice if we require funds to make a follow-on investment or for additional working capital.

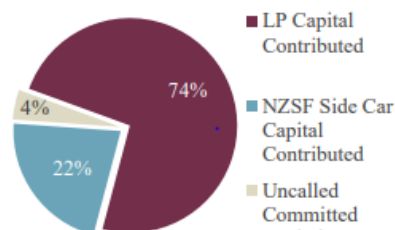
**Management Fee**

The PCPIII management fee is now calculated at 2.0% + GST p.a. based on the invested capital value. Prior to this the calculation was based on the committed capital.

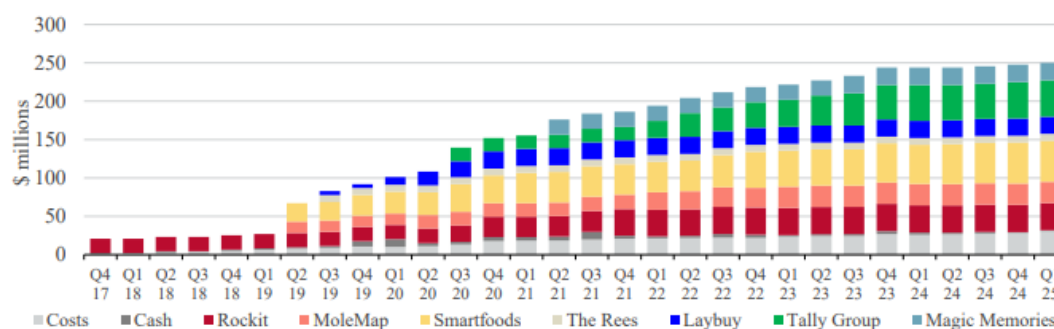
The following, on pages 2-7, is an extract from Pioneer's Quarterly Report

## PCP III at a Glance

\$'000	Jul-Sep Q2 24	Oct-Dec Q3 24	Jan-Mar Q4 24	Apr-Jun Q1 25
PCP III LP Capital Contributed	188,178	188,923	191,260	192,656
NZSF Side Car Capital Contributed	56,648	56,648	57,183	57,403
Uncalled Committed Capital	15,181	14,436	11,564	9,947
<b>PCP III Committed Capital</b>	<b>260,006</b>	<b>260,006</b>	<b>260,006</b>	<b>260,006</b>



### Use of Capital Contributed:



## Pioneer portfolio valuation

### Schedule of Investments (\$000s):

Company	% Stake	Initial Investment Date	Total Invested Capital <sup>(1)</sup>	Residual Value	Distributed Value	Total Value	Gross IRR	Gross RVPI <sup>(2)</sup>	Gross DPI <sup>(3)</sup>	Gross TVPI <sup>(4)</sup>
Rockit Global	34.9%	12 Mar 17	30,881	77,636	-	77,636	16%	2.5x	0.0x	2.5x
Rockit Orchard	100.0%	12 Sep 19	4,600	10,000	-	10,000	20%	2.2x	0.0x	2.2x
<b>Rockit</b>			<b>35,481</b>	<b>87,636</b>	<b>-</b>	<b>87,636</b>	<b>17%</b>	<b>2.5x</b>	<b>0.0x</b>	<b>2.5x</b>
MoleMap	86.7%	01 Jul 18	27,780	34,109	-	34,109	4%	1.2x	0.0x	1.2x
Smartfoods	89.1%	05 Jul 18	53,674	30,132	-	30,132	-13%	0.6x	0.0x	0.6x
The Rees	91.1%	12 Oct 18	8,869	15,030	1,265	16,295	10%	1.7x	0.1x	1.8x
Laybuy	17.5%	27 Nov 18	22,271	-	30,518	30,518	29%	0.0x	1.4x	1.4x
Tally Group	24.8%	31 Oct 19	47,489	41,386	-	41,386	-4%	0.9x	0.0x	0.9x
Magic Memories	57.1%	13 Aug 20	22,767	23,565	156	23,721	1%	1.0x	0.0x	1.0x
<b>Total</b>			<b>218,331</b>	<b>231,859</b>	<b>31,939</b>	<b>263,798</b>	<b>5%</b>	<b>1.1x</b>	<b>0.1x</b>	<b>1.2x</b>

Note 1: Invested Capital is on a cash invested basis and excludes income reinvested.

Note 2: Residual Value to Paid-In Capital (RVPI) represents the ratio of residual value to paid-in capital per investment.

Note 3: Distributions to Paid-In Capital (DPI) represents the ratio of distributed value to paid-in capital per investment.

Note 4: Total Value to Paid-In Capital (TVPI) represents the ratio of residual value plus distributed value to paid-in capital per investment.

The portfolio was valued at \$231.9 million at the end of the June quarter which compares to the investment cost of \$218.3 million. \$31.9 million has been distributed.

Please note only the March annual account valuations are audited.

### PCP III Performance

	Current Quarter	Prior Quarter
Gross IRR	5%	4%
Net IRR	2%	1%
Net Total Value to Paid in Capital	1.2x	1.1x

### Pioneer Distributions

Kowhai made its first distribution of 10.7 cps in September 2020. This followed the partial realisation of Laybuy by PCPIII when it was listed on the ASX. The proceeds distributed from PCPIII represented c.31% of PCPIII's shareholding sold into the IPO. A noncash distribution of 0.5 cps was attributed to investors by way of partially offsetting a capital call payment in March 2024. This brings the total fund distribution to 11.2 cps.

## Pioneer update

During the quarter:

PCP III's Limited Partners' Advisory Committee (LPAC) held its Q4 FY2024 meeting on 21 May 2024.

During the quarter we completed the following revisions of carrying value:

- We revised up the carrying value of MoleMap (\$4.9 million) based on strong LTM results.
- We revised up the carrying value of Tally Group (\$1.6 million) post the IFM deal, profitability improvements and recent customer wins.
- We revised up the carrying value of Magic Memories (\$0.8 million) based on currency movements.
- We revised up the carrying value of Smartfoods (\$0.3 million) based on recent funding round and improved financial performance.
- We revised down the remaining carrying value of Laybuy (\$1.5 million) post the receivership announcement.

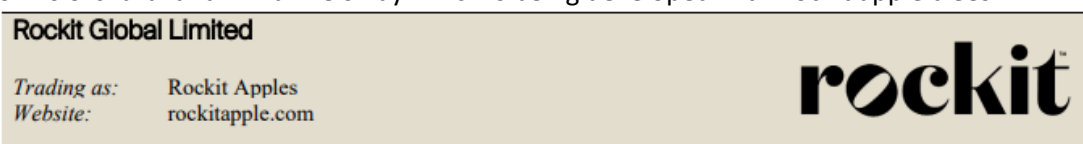
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## Pioneer portfolio update

### Rockit Global Limited

Pioneer has an ownership stake of 34%.

Rockit Global holds the exclusive global licence to directly and/or via sub-licence, produce, distribute and sell the Rockit apple variety (PremA96). Rockit Orchard (owned 100% by PCP III) owns orchard land in Hawke's Bay which is being developed with Rockit apple trees.



<b>Investment Date:</b>	12 Mar 17	<b>Board Seats:</b>	2 of 7	<b>PCP III Ownership %:</b>	34.0%
<b>Industry:</b>	FMCG	<b>Board Members:</b>	Craig Styris	<b>Managed Ownership %:</b>	34.0%
<b>Headquarters:</b>	Hawke's Bay		(2 <sup>nd</sup> nominee Alison Barrass)		


### Recent Performance Update

- Rockit's focus for the remainder of 2024 is on maximising the value of the crop, which has been challenged by market access, smaller fruit size, and a weaker than expected pack-out rate. These issues combined to slow the start of the selling season and limit Rockit's ability to catch-up with current sell through behind expectation and at a lower-than-expected average price.
- Recent investment and focus on sales, marketing and operational changes appear to be having a positive effect with improved weekly container sales figures, stabilised pack-out and market access issues abating.
- Mark O'Donnell publicly announced his intention to retire from Rockit by March 2025. Mark's retirement has been planned in consultation with the Board and we are excited about the opportunity to appoint a new leader to guide Rockit's next chapter of growth.
- Rockit's South Island growing venture is progressing with an institutional investor agreeing to invest alongside the Turley family and 80ha of development scheduled over the next 12 months.

### **MoleMap NZ Limited**

Pioneer has an ownership stake of 86.7%

MoleMap provides a comprehensive melanoma surveillance program including digital imaging, archiving and diagnosis of moles and other suspicious lesions.

<b>MoleMap New Zealand Limited</b>					
<i>Trading as:</i>	MoleMap	<b>Check. Detect. Treat.</b>			
<i>Website:</i>	molemap.co.nz, molemap.net.au, molemap.com				
<b>Investment Date:</b>	1 July 18	<b>Board Seats:</b>	5 of 6	<b>PCP III Ownership %:</b>	86.7%
<b>Industry:</b>	Healthcare	<b>Board Members:</b>	Ben Flay, Liesl MacDonald, (additional nominees: Kelvin Hyland; Tim Kelsey; Amandeep Hansra)	<b>Managed Ownership %:</b>	86.7%
<b>Headquarters:</b>	Auckland				

#### **Recent Performance Update**


- Strong revenue and EBITDA growth has continued with both up materially Year-over-Year.
- The Australian Skin Cancer Foundation partnership has resulted in over 6,500 people receiving free skin checks in rural and regional areas and approximately 12% of cancer cases were detected at an early stage, and potentially saving lives. This initiative has significantly increased MoleMap's brand awareness in Australia, leading to increased patient numbers.
- MoleMap New Zealand has participated in a Conquering Skin Cancer documentary, which is scheduled to launch in November 2024 and coincide with Skin Cancer Action Week.
- After opening five new treatments clinics over the last twelve months, the New Zealand clinic network is now fully built and performing strongly.
- AI is now embedded in all owned New Zealand clinics and the business has started the Therapeutic Goods Administration approval process in Australia with anticipated rollout in FY2026.

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### **Tom & Luke / Smartfoods**

Pioneer has an ownership stake of 89.5%.

Smartfoods is a manufacturer and distributor of premium wholefood snacking and breakfast products for the global market.

<b>Tom &amp; Luke Holdings Limited / Smartfoods Holdings Limited</b>			
<i>Trading as:</i>	Tom & Luke, Something to Crow About Vogel's Cereal, The Mighty Food Kitchen.		
<i>Website:</i>	tomandluke.com smartfoods.co.nz vogels.co.nz/cereal crowabout.co.nz		

<b>Investment Date:</b>	T&L:5 July 18 Smartfoods:9 August 18	<b>Board Seats:</b>	4 of 5	<b>PCP III Ownership %:</b>	89.5%
<b>Industry:</b>	FMCG	<b>Board Members:</b>	Craig Styris Colum Rice, Fabian Partigliani; 4 <sup>th</sup> (vacant)	<b>Managed Ownership %:</b>	89.5%
<b>Headquarters:</b>	Auckland	<i>*represents post-merger ownership</i>			

#### **Recent Performance Update**

- *Note: this business represents the combination of Tom & Luke and the legacy Smartfoods business. We will refer to the business as 'Smartfoods' in this report and going forward.*
- The business continues to see the benefits of the merger with a fresh round of annualised savings identified, on top those previously actioned.
- YoY EBITDA has improved significantly and the business has now on track to be EBITDA positive on an last twelve month basis after its third consecutive strong EBITDA quarter.
- 18 new product SKUs positioned to take advantage of Sanitarium's exit from the New Zealand market were confirmed during the quarter, with five in the lower priced Orchard Valley brand to meet consumer needs in the current economic climate.

## The Rees

Pioneer has an ownership stake of 91.1%.

The Rees is a tourism accommodation and concierge business based in Queenstown, NZ.

<b>The Rees Management Limited</b>		
<i>Trading as:</i>	The Rees	
<i>Website:</i>	therees.co.nz	

<b>Investment Date:</b>	12 October 18	<b>Board Seats:</b>	3 of 5	<b>PCP III Ownership %:</b>	91.1%
<b>Industry:</b>	Tourism	<b>Board Members:</b>	Randal Barrett	<b>Managed Ownership %:</b>	91.1%
<b>Headquarters:</b>	Queenstown		Laura McKinnie (Alternate) (2 <sup>nd</sup> and 3 <sup>rd</sup> nominees vacant)		


### Recent Performance Update

- As expected, the shoulder season delivered softer results with fewer bookings and competitors dropping rates, while The Rees maintained its premium pricing against the backdrop of no early season snowfall to entice skiers.
- Recent snowfall has activated fresh bookings out of Australia, and it is hoped that a good ski season will deliver a boost to tourism numbers across the Queenstown region.
- Forward bookings in the second half of FY2025 are looking very strong, with higher than usual booking numbers and yield to date driven largely by the US market.

## Tally Group (Formerly Agility CIS)

Pioneer has an ownership stake of 17.6%.

Tally Group provides cloud-based software solutions to utilities. Tally Group's software is mission-critical, serving innovative electricity and gas utilities in New Zealand, Australia, Japan, the Middle East and United States.

<b>Tally Group</b>		
<i>Trading as:</i>	Tally Group	
<i>Website:</i>	tally.co	

<b>Investment Date:</b>	31 Oct 19	<b>Board Seats:</b>	1 of 5	<b>PCP III Ownership %:</b>	17.6%
<b>Industry:</b>	Fin. Tech.	<b>Board Members:</b>	Randal Barrett	<b>Managed Ownership %:</b>	17.6%
<b>Headquarters:</b>	Auckland				


### Recent Performance Update

- Mass market release 1 has been successfully completed in New South Wales, and the focus has now shifted to Gas modules to enable "dual fuel" billing, providing enhanced migration opportunities for existing and competitor customers.
- The Japanese mass market project is in the final stages of release with Marubeni, but has unfortunately dragged out to a September 2024 target completion date.
- Margin improvement continues to be executed with further enhancements expected post the 'go live' of Marubeni through reduced development spend.
- The US market is growing through the consistently strengthening relationship with GEXA. The Texas Large C&I project had a successful launch, and additional migrations set to follow through the remainder of 2024.
- Tally has recently secured SEC (Victorian government retailer), who will deliver significant revenue to the business. RFP's are continuing to pick up, particularly in the Australian and Japanese markets where increased activity is being seen and Tally is also being invited into closed tenders on the basis of the strength of the company's market reputation and market leading software offering.
- A restructuring to shift the company from a New Zealand domiciled entity to an Australian domiciled entity was completed during the quarter. This restructuring was necessary to simplify the shareholding structures caused through last year's growth investment when IFM Partners invested.

## Magic Memories

Pioneer has a 74% interest across 2 funds. PCPII and PCPIII.

Magic Memories serves as an outsourced provider of photographic and guest management solutions to tourist attraction owners of large volume visitor attractions around the world.

<b>Magic Memories Group Holdings Limited</b>		
Trading as:	Magic Memories	
Website:	www.magicmemories.com	

<b>Investment Date:</b>	15 Dec 15	<b>Board Seats:</b>	3 of 3	<b>PCP III Ownership %:</b>	56.7%
<b>Industry:</b>	Tourism	<b>Board Member:</b>	Craig Styris	<b>PCP II Ownership %:</b>	17.0%
<b>Headquarters:</b>	Queenstown		Tom Goddard (observer)	<b>Managed Ownership %:</b>	74.0%

### Recent Performance Update


- The business has experienced lower guest numbers at sites over the last twelve months, however last twelve months EBITDA increased by 55% on the back on improved contribution margin and selling, general, and administration expense savings.
- New site wins include Arsenal Stadium, Luna Park Melbourne, Big Dam and Splash Kingdom Dallas, and the audio tour for FC Barcelona. As with last quarter, there were no sites lost.
- Pre-sale, Online and software as a service channel now represent 55% of total contribution with Instore (onsite) representing 45%. In FY24 Licensed partnerships (partner staffed and Automated sites) represented 13% of total contribution, with FY25 forecasted to be 18%.

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## Laybuy

Pioneer has an ownership stake of 17.5%.

Laybuy is an innovative, fully integrated payment platform designed with simplicity at its core. It allows consumers to receive their purchase straight away and spread the total cost over six weekly automatic payments.

<b>Laybuy Holdings Limited</b>			<b>LAYBUY</b>
Trading as:	Laybuy		
Website:	laybuy.com		

<b>Investment Date:</b>	27 Nov 18	<b>Board Seats:</b>	1 of 3	<b>PCP III Ownership %:</b>	17.5%
<b>Industry:</b>	Fin. Tech.	<b>Board Members:</b>	Craig Styris	<b>Managed Ownership %:</b>	17.5%
<b>Headquarters:</b>	Auckland				

### Recent Performance Update

- On 19 April 2024, the Board advised shareholders that it had received an unsolicited approach from a “well-known industry player” that was interested in acquiring the business, which led to a board decision to seek to sell 100% of the business. Since that time, the team had been canvassing other buyer interest while working with that party in parallel to complete a transaction.
- Unfortunately, the interested party walked away and no other buyer interest materialised – the consequence of this was that the company entered receivership in NZ, Australia and the UK. This caps PCP III’s realised return on total investment in Laybuy at 1.4x MoM / 29% IRR.
- Note that we will cease providing updates on Laybuy going forward.

**Reporting**

We will keep you informed on PCPIII activity through media releases, via the Kowhai website [kowhaipe.co.nz](http://kowhaipe.co.nz) or by contacting you directly.

If you have any queries regarding your investment in Kowhai, please discuss with your Investment Adviser or you may call the Manager, Brenden Merrill on 07 987 2026, or email [enquiries@kowhaipe.co.nz](mailto:enquiries@kowhaipe.co.nz).

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Neil Craig', with a stylized flourish at the end.

**NEIL CRAIG**

**Kowhai PE Management Limited**

General Partner for Kowhai Private Equity No.1 LP