



# FairGrowth Fund I

Investor Update – Q4 2024





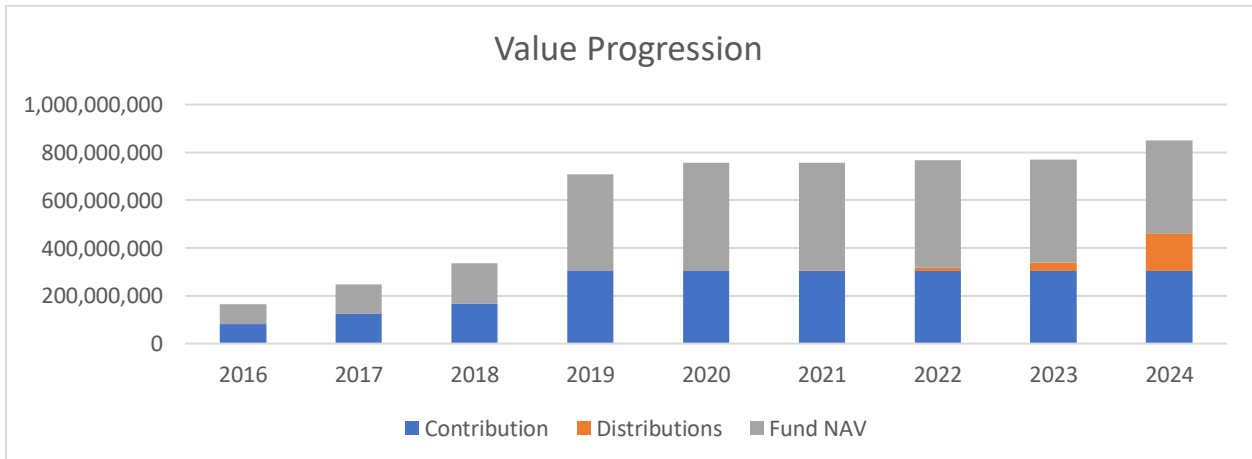
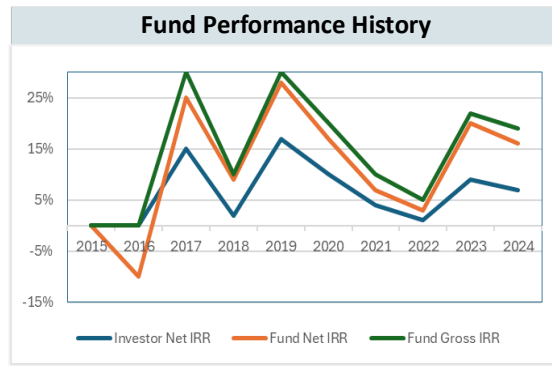
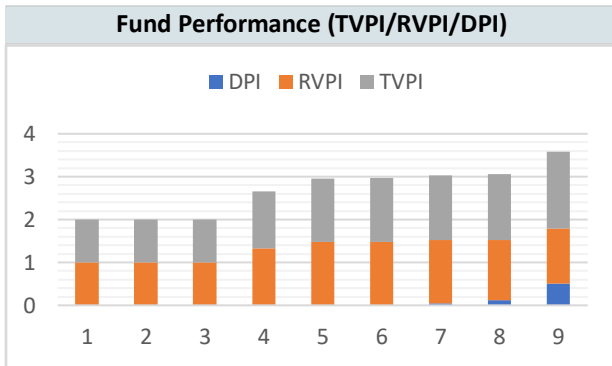
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## 1. Executive Summary

We continue to see a healthy number of enquiries, having made our first two investments in the previous quarter in Stark Industries and Avatar Corp. This quarter we have made an investment in Lovely Group, an e-commerce platform and a further investment in Stark as part of their planned expansion.

Fund Information		Performance Summary	
Fund Currency	USD	Capital Deployed	578,641,002
Fund Size	650,000,000	Fund Gross IRR	18.81%
Vintage Year	2015	Fund Net IRR	14.98%
First Closing Date	30-Sep-2016	DPI	0.17
Final Closing Date	31-Dec-2019	RVPI	1.45
First Investment Date	30-Aug-2017	TVPI	1.63
Term (years)	12	Fund NAV	840,479,452
Investment Period (Years)	6	%ge Drawdown	98%
Total Investor Commitment	580,000,000	%ge Distribution	21%
Balance Committed	1,358,998	Return of Capital	103,654,800



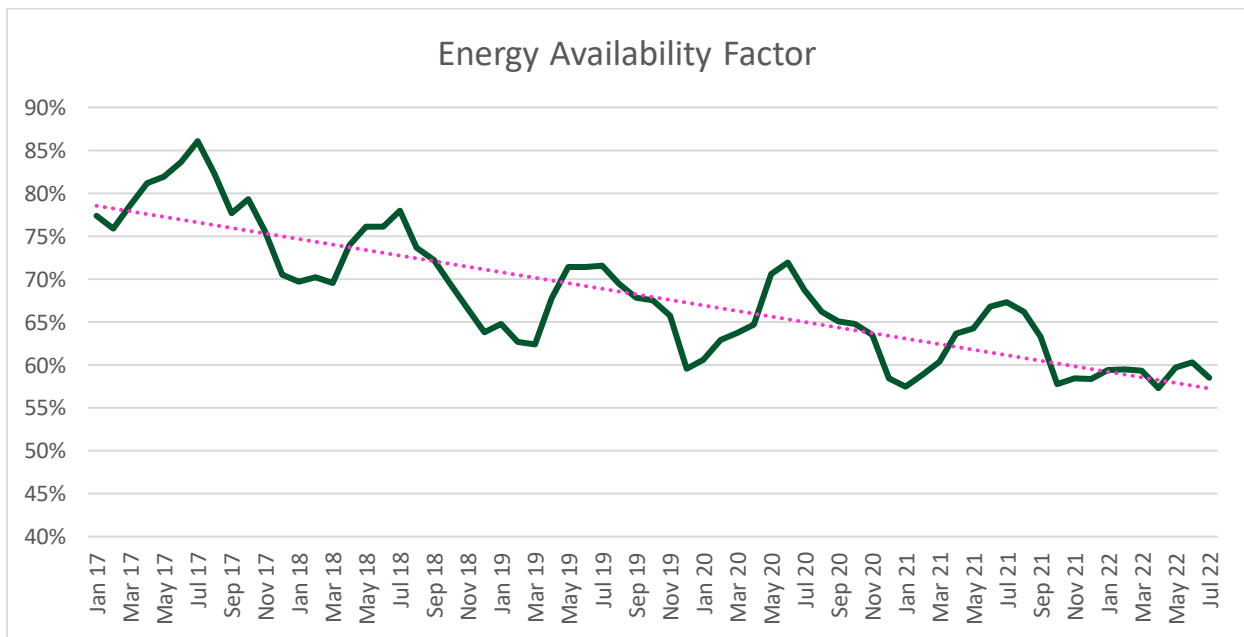
## 2. Investment Strategy

We proposed in our response to the Tender that we intended to use the Fund to invest in new businesses at or around the point of first sale. We decided upon this approach for two principal reasons.

- Firstly, the risks of investing in start-ups are broadly twofold, the risk of getting an idea to market and secondly the risk of executing a growth plan. These risks combined are too difficult to manage efficiently, especially in a Fund and therefore we intend to eliminate the first risk by focussing on those businesses that are ready to start trading.
- Secondly, we felt at the time that we might be competing directly with ZPIF in scouring the university spin-out departments for good business ideas and given the evergreen nature of the Finance funds, it would be better to invest once businesses were ready to trade.

## 3. Market Overview

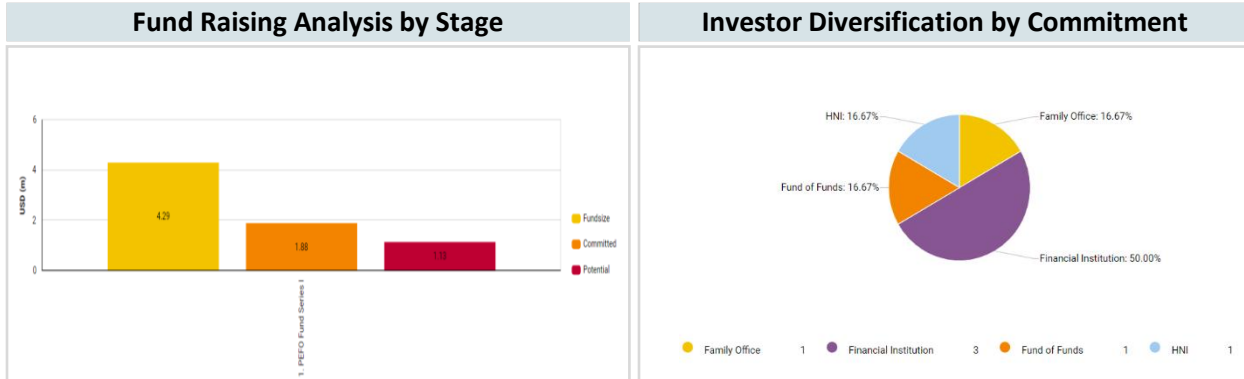
The energy market continues to provide significant opportunities for private investors. The country's energy utility continues to struggle to meet the country's energy demand. This is due to an ageing generation fleet that is hampered by poor maintenance. The evidence of this is low energy availability factors across the fleet.



## 4. Fund Raising

The team has responded to numerous due diligence questionnaires with different potential investors. Currently the team is in due diligence phase with numerous potential investors. Investors in stages after Legals sent.

A summary of our fundraising activities is as below:

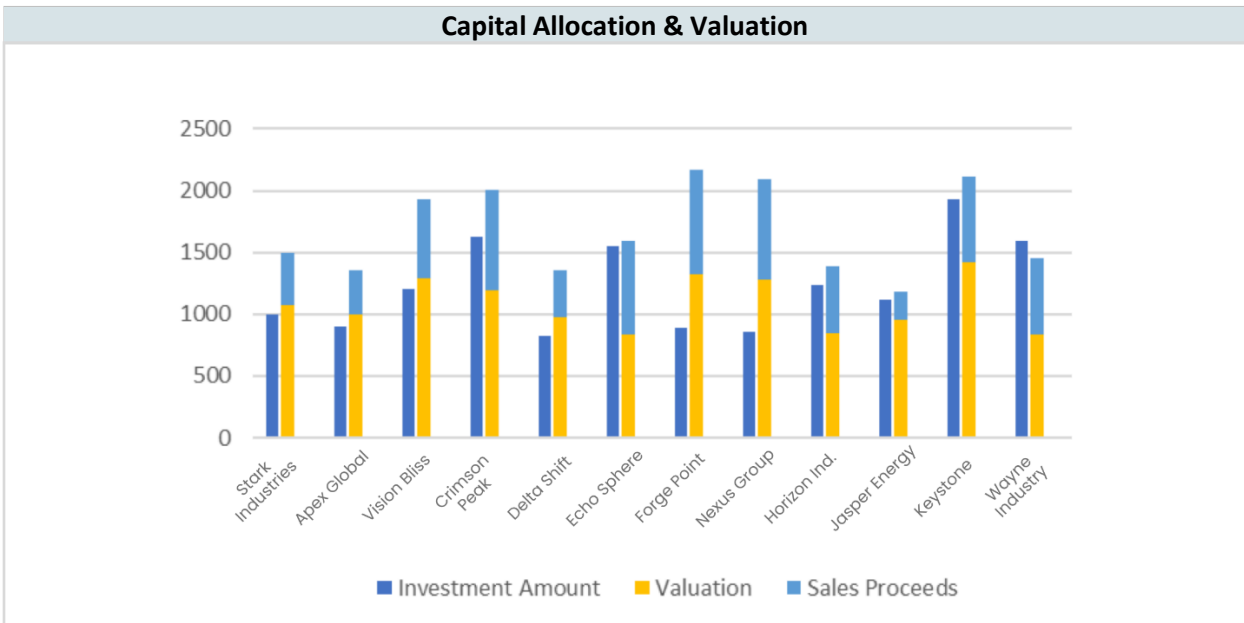
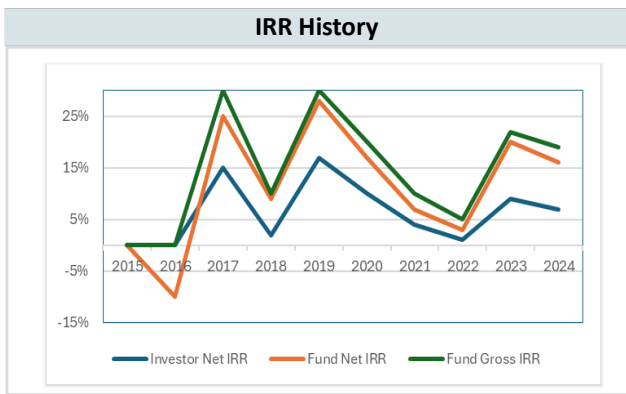
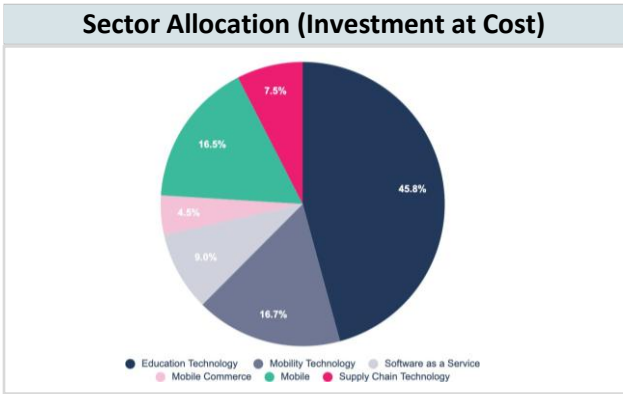


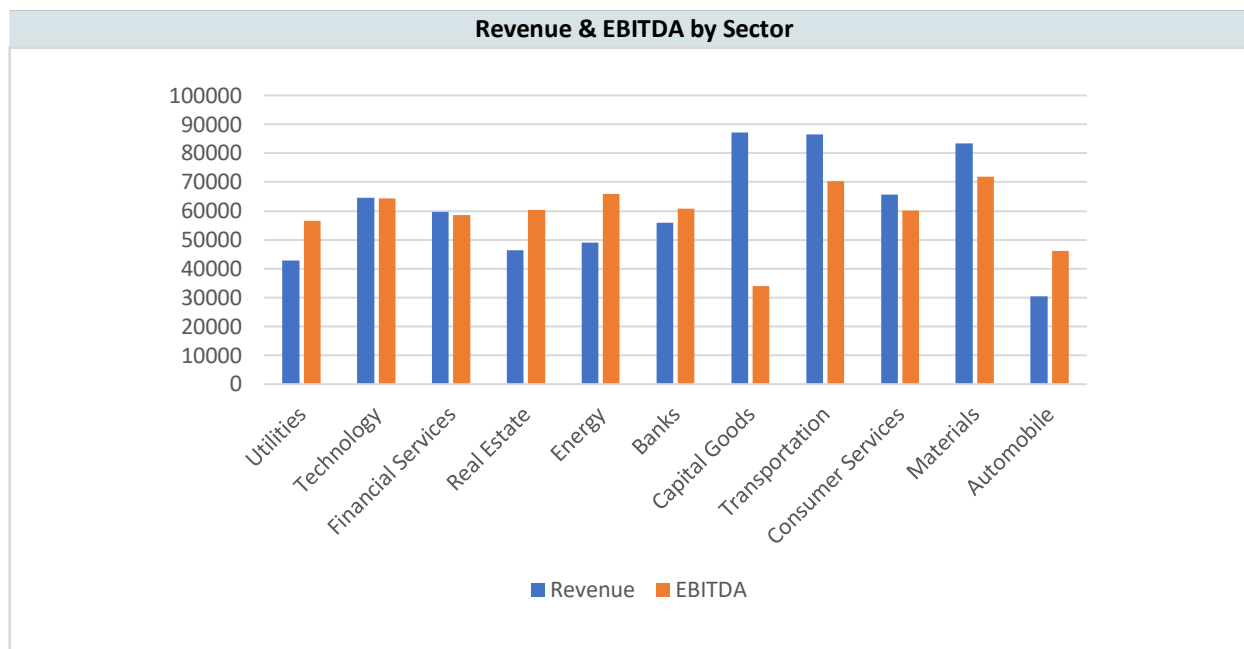
Potential LP	Investor Type	Amount	Stage	Expected flow / notes
GIC	Family Office	USD 50m	Legals Sent	Investment Committee approval has been obtained. Awaiting Social and Ethics Committee approval.
State Pension Fund	Pension Fund	USD 20m to USD 25m	Closure	Due diligence in process
ZIBFA	HNI	USD 10m	Closure	Finalization of legal agreements. Client approval granted.
Phillip Watson	Family Office	USD 15m to USD 30m	Legal Sent	Due diligence underway. Presentation to Investment Committee to be held on June 13 <sup>th</sup> 2025.

## 5. Portfolio Update

Select portfolio companies have identified inorganic growth strategies which have offered the fund interesting investment opportunities to increase participation in these companies.

Investment Summary		Investment Performance Summary	
Number of Investments	12	Current Gross IRR	18.6%
Total Investment Cost	578,641,002	Current Gross MoC	1.55
Sales Proceeds / Redemptions	92,671,666	Current Net IRR (%)	14.3%
Dividend/Interest Income	13,214,483	Current Net MoC	1.42
Total Realization	105,886,149	Current Valuation	792,557,404





**Investment Summary (as on 31 Dec 2024)**

Portfolio Company	Stakeholding %ge	Date of Investment	Investments 30 Sept 2024	New Investments Current Qtr	Total Realization	Valuation
Stark Industries	38.8	30-08-2017	78,853,253	9,831,820	19,560,000	166,440,000
Avatar	27.2	20-01-2019	966,625	-	148,625.96	16,050,000

## 6. Portfolio Company Update – Stark Industries

### Description

Stark Industries provides room and desk booking software for use by medium & large enterprises and provides data to optimize estate configuration for facilities management. The business has been funded to date by its sister company Shark with c£20.3m.

Basic Summary			
Sector	Consumer Services	Sub-sector	Durables
Currency	GBP	Region	UK
Initial Investment Stage	Seed	Entry Valuation	119,340,000
Dividend/Interest Income	6,979,117	Stake	38.8%
IRR	13.4%	MoC	2.10
Investment Amt	70,948,058	Current Cost	64,779,878

### Investment Snapshot (USD)

Instrument Name	Type	Investment Amt	Current Cost	Realization Proceeds	Valuation
Tranche 1	Equity	88,685,073	83,758,242	19,560,000	166,440,000

### Financial Summary

Values in USD'm	Actual YTD Sept '23	Budget YTD Sept '23	Actual YTD Sept '24	Budget YTD Sept '24	Actual Dec '24	Budget Dec '24
<b>Income Statement</b>						
Revenue	310.50	370.00	363.00	414.92	350.50	400.00
Gross Profit Margin	225.32	290.00	264.90	375.00	225.32	300.00
EBITDA	220.52	235.72	255.26	320.00	220.52	250.72
Net Profit Margin	150.52	215.50	220.70	300.00	190.52	225.50
<b>Balance Sheet</b>						
Total Assets	390.95	510.70	450.86	475.96	424.95	550.80
Total Liabilities	82.21	94.00	80.65	85.00	92.21	90.00
ShareHolder Equity	61.71	128.94	93.00	95.60	71.71	122.94
Total Assets & Liabilities	143.92	222.94	173.65	104.10	163.92	212.94
<b>KPI</b>						
Number of New Customers	11,979	13,556	2,056	26,050	12,079	12,556

## ESG Performance

Stark Industries has not experienced any instances of non-compliance with E&S national laws and regulations since reaching full commercial operations. Stark is in the process of putting in place a new Environmental and Social Plan as well as new Health & Safety policies.



## Exit Strategy

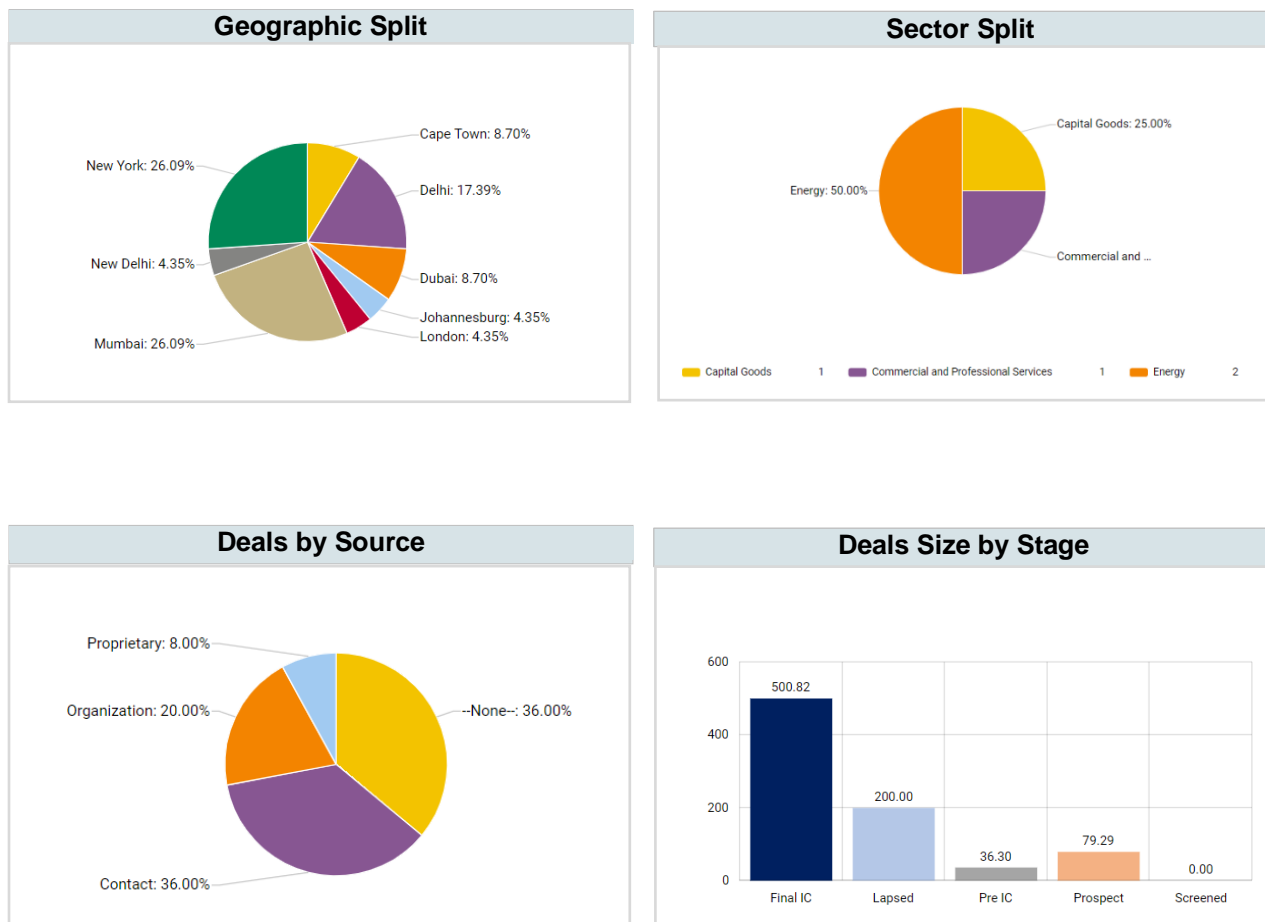
The Company has identified their Hardware partners as likely purchasers, in particular Poisson, who have a keen acquisition strategy, and like many others, often acquire those companies who provide a layer of service on top of their existing platforms.

We would expect to be invested beyond the Company's initial forecast horizon. Assuming an exit for £265m in 2026, the Fund would receive £100.3m with a 38.8% stake, which is equivalent to a 21.3% IRR and 2.84 times multiple. These returns remain attractive, whilst using the very low end of the available metrics.

## 7. Deals Update

The team continues to build a robust pipeline. The manager currently has deal pipeline of up to USD 50m. The team has set a target deal pipeline of USD 35m by financial year end we believe this is achievable. During the period to 31 December 2024, we have received 115 enquiries to the FairGrowth Fund. At the time of writing 76 have been rejected and/or being monitored. Within the live companies there is 12 that has been approved, with 27 others being reviewed and assessed.

The Fund has committed USD 20m to finance in Project Yellowstone, a 100MW concentrated solar power project located in Postmasburg, Northern Cape. Financial close was reached in October 2024. Project Yellowstone will be providing a debt facility along with a preference share facility to partially fund the 13.5% portion of the requirement at the project level.



## 7.1 Deals approved by IC

Deal Name	Sector	Deal Size (m USD)	Description
Music.com	Entertainment	0.50	Music app for gyms to avoid paying royalties by subscribing to their own music
SwiftMotion	Consumer Services	0.80	SwiftMotion Robotics designs and manufactures autonomous robotic arms for use in warehouse automation.
Fuel Engineering	Consumer Services	0.50	develop clean technologies to work alongside traditional fuels to lessen the impact on the environment and to produce substantial cost benefits for end users.
GreenSpark	Renewable Energy	0.50	GreenSpark Innovations is a renewable energy startup focused on developing next-generation solar panels.
Twins	Technology	0.50	Car parking app for parking and EV charging

## 7.2 New Deals added in last quarter

Deal Name	Sector	Deal Size (m USD)	Description
AquoTech	Technology	0.20	AquoTech Solutions specializes in water purification systems for industrial applications.
MindTech Labs	Healthcare	0.31	MindTech Labs is a neurotechnology company that develops wearable devices to monitor brain activity.
BioCore Therapeutics	Healthcare	0.49	BioCore Therapeutics is a biopharmaceutical company focusing on developing breakthrough treatments for rare genetic disorders using gene-editing technologies.

# NOTES

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