

ALLEGRO NEWS



WELCOME

Welcome to the Autumn 2022 edition of the Allegro newsletter. A lot has happened since our last newsletter, and this has set the tone for the year ahead... Exciting times!

Since August last year, we have: completed our largest acquisition (Toll Global Express); sold two businesses (The Interiors Group and Journey Beyond); raised a new fund (Allegro Fund IV); held our year end offsite (Southern NSW, Gerroa); recruited three new team members (Angela, Aron and Vanessa); promoted several of our team members (too many to list); managed to close the office for three weeks over the Christmas and New Year period; and more recently we hosted our 2022 International Women's Day event with our special guest Christine Holgate.

Deal flow remains strong, and we're now looking forward to our 2022 Annual General Meeting, now set for 20 June 2022 in Sydney.

We hope you enjoy this quick update about what we've been doing. Enjoy!



TOLL GLOBAL EXPRESS

Since we announced the successful acquisition of Toll Global Express (TGE) in September 2022, we have hit the ground running. Christine Holgate was appointed Group CEO, since then she and Chairman Adrian Loader embarked on a 100-day listening tour on day 1 of ownership with the objective of hearing from our people and customers about the company's biggest challenges and opportunities.

More recently, we announced that TGE will be welcoming Ken Allen as an adviser and shareholder. Ken is a world leader in transforming parcel

businesses. Ken will retire later this year, after 35 years leading in different regions and businesses. He is currently the CEO of DHL eCommerce Solutions. Ken has had many successes, but he is renowned for leading the world transformation of DHL Express between 2009 to 2018, which is a global parcel business with revenues of €15 billion. When Ken took the helm at DHL Express the business had lost €2.2 billion. Within 3 years he had returned the business to profitability and after ten years left the business with profits of €2 billion, having transformed the business to be one of the world's greatest and most profitable transport businesses.

EXIT ACTIVITY

The Interiors Group

We exchanged contracts with New Zealand based Pencarrow Private Equity for the sale of The Interiors Group (TIG) with the formal completion occurring on the 30th of September. Allegro's interest in the business began in 2015 with our acquisition of Carpet Court, New Zealand's largest national flooring brand. In 2018, we bolted on Curtain Studio, a leading national window furnishings retailer, at which time we renamed the business The Interiors Group, reflecting the successful platform business it had become.



In many respects, TIG's transformation represents the core of what we do at Allegro. We fix and build the foundation – the plumbing of businesses. We build out the strategic pillars for operational improvement and growth and assemble a strong team to execute the plan. And finally, we articulate a clear growth strategy for the future owners who have a clear plan, team to back and a platform to continue growing from.

Today, TIG is the largest interiors company in NZ with combined sales in excess of \$200 million across 97 showrooms nationwide. As with many other Allegro turnaround deals, we invested significantly into the business to drive transformation – building the platform, investing in the team, investing in the physical store assets, repurposing the technology platform and acquiring Curtain Studio.

JOURNEY BEYOND

Allegro Funds exited its minority stake in Journey Beyond, following its sale by Quadrant Private Equity ("Quadrant") to American cruise and experiential travel company, Hornblower Group.



The transaction completed in February 2022. The sale resulted in total Fund II returns from our initial investment in Great Southern Rail (GSR) of 27x.

Allegro initially acquired Great Southern Rail, operator of Australian luxury passenger rail journeys including The Ghan, The Indian Pacific, and The Overland, in May 2015 as a key investment of Allegro Fund II. After a 15-month hold period during which time it stabilised the business and tripled earnings, Allegro sold GSR to Quadrant and retained a minority interest through Fund II and LP co-investors. Under this latest phase of ownership, GSR has transformed into Journey Beyond, the nation's leading experiential travel group offering acclaimed tourist services following a series of strategic investments and acquisitions.

The Australian tourism sector has faced considerable challenges in navigating the past two years with Journey Beyond businesses enduring extensive closures. The exit, which was led by Quadrant, has secured investor returns despite the current uncertain operating environment.

The sale of The Interiors Group and Journey Beyond follows other recent Allegro transactions, including the successful sales of Ngahua Group, Best & Less Group IPO and the acquisition of Toll Global Express.

ALLEGRO FUND IV

Fundraising for our new fund, Allegro Fund IV kicked off at the beginning of September 2021, coinciding with the completion of the Toll acquisition. We set ourselves a target of \$600 million with an additional Side Car fund as well. To date, the results have been excellent. First close was held shortly after launch in November 2021 with approximately \$600 million of capital raised across both the Fund and Side Car. We are heading towards a final close likely within the next month or so where we anticipate hitting the Fund hard cap and confirming remaining Side Car commitments.

If you would like more information about Allegro Fund IV, please reach out, we would be more than happy to chat to you about it.



how we can continue to execute our winning strategies.

This year we were lucky enough to hold our Christmas party on a Journey Beyond Cruise in Sydney harbour. Team members and their partners enjoyed a jaunt around the iconic Sydney harbour whilst enjoying a luxury dinner with live entertainment on the 78ft vessel. It was an incredible evening and a lovely way to end a momentous year.



OFFSITE AND CHRISTMAS PARTY

Our annual team building offsite in the NSW coastal town of Gerroa took place the first week of December, unlike preceding years La Nina brought some unfavourable conditions but the team still managed to collaborate and come together to discuss what went well during 2021, what we would do differently and



UPDATES ABOUT OUR TEAM

We are pleased to introduce to you our three new hires, Aron Woosnam, Angela Yang, and Vanessa Xie.

Aron joined us at the end of 2021 as Senior Operations Analyst. Previously, Aron spent 4 years at Discovery Parks Group where he focused on corporate finance, valuation and acquisitions.

Angela joined us at the end of February 2022 as an Investment Manager in the deal team. Angela has over 9 years of corporate turnaround, transformation and restructuring experience in both Australia and the UK, across previous roles at AlixPartners, KPMG UK and KordaMentha.

Also starting in February, Vanessa joined the deal team as an Investment Analyst. Previously working as a senior consultant in M&A at PwC, she provided corporate advisory services to private equity and corporate clients on buy-side and sell-side M&A transactions across various sectors.

We were also proud to announce the well-deserved promotions of Imali Huruggamuwa to Group Accountant, Uddhav Bhargava to Associate, Jeremy Trouncer to Investment Director, Jeffrey Largier and Johan Krynauw to Managing Director, and Fay Bou to Partner.



ARON WOOSNAM, SENIOR OPERATIONS ANALYST



ANGELA YANG, INVESTMENT MANAGER



VANESSA XIE, INVESTMENT ANALYST



INTERNATIONAL WOMEN'S DAY

It was a very special celebration this year, with Toll Global Express CEO Christine Holgate and Adrian sitting down for a conversation about her experiences, professional battles and persisting through hardship. This raw and genuine chat was live streamed to our portfolio company colleagues and the Allegro team joined in-person at our offices. Christine spoke with the authenticity and honesty she is renowned for and the rolling feedback throughout the event and afterwards was how genuine and raw the conversation was.

As past winners of the AIC Diversity and Inclusion award, Allegro are not only vocal about breaking the bias and creating an inclusive and diverse workplace, we are also fiercely passionate. Christine's comments and contributions were warmly welcomed, and Allegro will continue to foster an empowered and respectful culture, as equality benefits everyone!

DEAL FLOW

Deal flow continues to be robust with our pipeline representing a mix of special situations, turnaround, and transformation deals. There is increasing activity around corporate orphans as boards of directors move on assets that are difficult, or not fitting in with their central strategy. There are also several privately owned businesses that had been sitting on the side lines as they navigated Covid, that are now coming to the market. Fraud, accounting issues and mis-managed companies continue to be present in the market and are finding their way onto our deal sheet.

2022 ANNUAL GENERAL MEETING

This year's Annual General Meeting will take place on the 20th June. This is one of our most highly anticipated events of the year, and we always look forward to seeing our investors in person.

This year, we hope to welcome you in person, however we will continue to hold a virtual option for those who cannot attend. More details to follow shortly.

OTHER ACTIVITIES

In September, Allegro, in partnership with the TMA, ran the inaugural Allegro Funds & TMA Turnaround Case Competition for the TMA Next Gen community. The competition was a huge success with over 100 participants and 20 teams submitting an investment pitch to a mock investment committee with 7 finalists pitching to a live panel of judges. As a result of the success running the private equity case competition in the universities over the last 3 years, Allegro saw the opportunity to host a competition amongst the turnaround community to create awareness and interest in turnaround investing in Australia and give back to the Nextgen community. We'd like to thank the many individuals and firms that supported this initiative and look forward to hosting the event again next year.





We're passionate about inspiring and supporting private capital aspirants. As board member of the Australian Investment Council, Chester Moynihan was part of the Steering Committee that oversaw the inception, development, and delivery of the new Foundations of Private Capital Program, based on the long standing British Private Equity & Venture Capital Association (BVCA) Foundations Program in the UK.

In early March, Chester presented the sessions on "Managing the Portfolio" and "Exits" to an eager audience of 24 at the inaugural Foundations of Private Capital Course. Chester was thrilled to see the vision for the program come to life and feel the energy of presenting to a room after two long years of online events.

Chester, Adrian and Fay recently spoke with The Australian Financial Review's Simon Evans, about the strong pipeline of opportunities they see for investment in transformation, turnaround and complex corporate carve-outs. If you wish to read the full article, [please click here](#).

CONTACT US:

If there is anything that you are keen to hear more about, please don't hesitate to contact us. We have a lot going on, but we always welcome the opportunity to chat with our investors, supporters and followers.

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CURRENT PORTFOLIO



EXITED PORTFOLIO

