

Thorney Technologies Ltd

ABN 66 096 782 188

7 June 2017

Dear fellow TEK shareholder

I am happy to report that the optimism and confidence which surrounded the launch of Thorney Technologies Ltd as a new Listed Investment Company has been justified with an excellent start over the first few months.

As at the end of May 2017 TEK's Net Tangible Asset backing (NTA) was at 22.3 cents per share. This is not only above the initial share price of the capital raising but is also up approximately 7.2% from TEK's post raising NTA. That is to say we have already recovered the full costs of the capital raising and more.

As we hoped, the deal flow and pipeline of opportunities coming to us has grown, not only in the number of deals but also in the quality of deals we are seeing. This has given us lots of opportunities to deploy the capital raised in an orderly fashion. As a result, we are already about 50% invested.

Investment Portfolio

Below are some highlights that have occurred in our portfolio in recent times:



Afterpay Holdings Limited:

AFY is TEK's largest position and has consistently announced quite stunning growth as it continues to roll out its new and dynamic financial services offering to retailers and consumers.

The number of merchants live on the AFY platform has increased from 3,700 at 31 March 2017 to 5,000 at 31 May 2017 whilst the number of unique end-customers has increased from 535,000 to 700,000 over the same two month period. Impressively, Afterpay's Total Transaction Value has now surpassed \$1 billion on an annualised basis.

As I noted in TEK's inaugural newsletter, AFY has proposed a merger with Touchcorp (TCH), which is TEK's second largest holding. The merger will enable AFY to control its technology platform and access cash to further drive its growth.

The vote for this merger proposal will occur during June 2017 and we look forward to the consolidated group achieving further success. The share market appears to be of similar mind with share prices of both AFY and TCH rising strongly on the back of AFY's spectacular growth and the merger announcement. At the time of writing AFY's and TCH's share prices are up approximately 13% and 73% respectively above their levels at the time of TEK's launch.



HUB24 Limited:

HUB's superannuation and investment management platform continues to deliver and the Company has recently announced a record milestone in having passed \$5 Billion of Funds Under Administration (FUA).

As HUB's FUA continues to grow, efficiencies, margin and cash flow will continue to improve and the outlook going forward appears very exciting.

We believe HUB has positioned itself well to be the platform of choice for independent financial advisers and we are expecting continued growth from this well managed and dynamic company.

**Mesoblast Limited:**

The private Thorney Investment Group (TIG) has had a long history with this adult stem cell life sciences company. Along with TIG, TEK recently participated in a capital raising which should enable MSB to progress its Phase 3 cardiac trials and other research developments. We remain of the opinion that MSB has the potential to be a global leader in the regenerative medicine field. The next 6 to 12 months will see some critical milestones in MSB's path towards delivering on that potential.

NextDC Limited:

NXT's recent updates to the market have been very well received. The investment community is beginning to appreciate the earnings leverage that NXT is delivering from the capital expenditure that it has invested so far.

As we all know, the digital age we are in means data centre storage capacity will continue to be in huge demand for the foreseeable future. Accordingly NXT is pursuing further growth and expansion which will lead to a more than doubling of its current capacity.

**OneVue Holdings Limited:**

OVH has recently announced that it has achieved the cost synergies it targeted from the merger with Diversa Ltd and it expects further efficiencies to be available in the future. OVH's platform and administrative services businesses continue to improve, grow, perform and generate cash. We are of the view this Company will come onto the radar of sophisticated investors in the near future.

Updater Inc.:

We are particularly enthusiastic about this New York based company which has built a technology platform to help Americans manage the cumbersome process of relocating residences.

updater.

Americans are amongst the world's most mobile people in terms of frequency of relocating residences and the Updater platform helps them seamlessly manage the process of reconnecting utilities and other services that are required when moving house.

UPD's market penetration has grown dramatically and it is now used in more than 9% of all resident moves in the USA. We look forward to the commercialisation of the traffic that it is attracting on to its platform.

Other TEK holdings

As I indicated in my initial newsletter to shareholders, TEK has made a number of other smaller investments in listed technology companies, pre-IPO's and other unlisted companies across a variety of technologies. We will highlight some of these in the next investment newsletter.

As I mentioned at the outset we are very encouraged by our first few months' performance, the quality and size of the deal flow that we are experiencing and the networks that we are accessing, both in Australia and internationally.

Our investment team is clearly focused on producing the best sustainable performance outcome for all shareholders and we are confident of building substantially on the platform we have already established in the months and years ahead.

Best regards,



Alex Waislitz
Chairman