

III E TRISPAN

Q3 2019

Newsletter



TriSpan Update

Significant steps forward

TriSpan took significant steps forward in the first nine months of 2019 starting with the material strengthening of our bench, both in London and New York (please see below). On the investment side the highlights include:

- the successful closing of the Opportunities Fund,
- the acquisition of two exciting platform companies in the multi unit healthcare space as portfolio companies of the Opportunities Fund: “Sk:n”, by far UK’s largest independent aesthetic skin group in early February, and “PG Dental”, a leading chain of dental clinics in New Jersey, USA at the end of May,
- the building of a strong, mainly proprietary, pipeline of actionable deals for both Rising Stars and the Opportunities Fund,
- the facilitation of a large number of add-on acquisitions for a majority of our portfolio companies with significant further such activity expected by the year-end.

Encouragingly, the investment performance of our funds is thus far on plan to ahead of plan in the case of the Opportunities Fund. We believe that a good handful of our current portfolio companies could prove to be particularly strong performers. Having said that, it is still relatively early days and we are mindful that lots can happen, so it is hard work and diligent execution for now.

Team hires and promotions



Anthony Freijy
Rising Stars Partner
New York



Photos Photiades
Associate
New York



Dimitri Pateras
London



Andrea Issa El-Khoury
London



Salman Sultan
London



Catherine Helsby
Office Manager
London



Stefano Introzzi
VP Promotion
London



Massimo Galli
Analyst Promotion
London



Turki Alrashed
Analyst Promotion
New York

Portfolio Spotlight

Dental Health Associates

TriSpan Opportunities LP has partnered with the current owner and management team of Dental Health Associates, P.A. ("DHA") to create a new dental service organization, PG Dental Holdings, LLC which provides comprehensive practice management and administrative support services to DHA and other, to be acquired, practices across New Jersey, New York and Pennsylvania.



DENTAL HEALTH ASSOCIATES, P.A.
Creating Smiles Throughout New Jersey™

DHA / PG Dental is a differentiated platform allowing TriSpan to capitalize on the consolidation trends in the industry:

- DHA has a 33 year history of serving an ever expanding community in New Jersey and has recently been transformed into an efficient platform of growth by Dr. Patel (President), Bharat Rana (CEO) and their team.
- DHA has over 220 employees (FTEs) including over 50 dentists and hygienists that served over 180,000 appointments in 2018 in 9 facilities across New Jersey.
- The Company offers a broad range of services including general and cosmetic dentistry, pediatric dentistry, dental hygiene, orthodontics, periodontics, endodontics, and oral surgery.
- DHA serves infant, child, adult and senior patients across the socioeconomic spectrum, in many cases providing critically needed care to underserved communities.



Building on the core initial DHA platform, PG Dental aims to build a significantly larger footprint of dental practices across New York, New Jersey and Pennsylvania utilizing the following key strengths:

- **Large format offices:** With 18 bays per office on average, high patient flow and a fully fledged corporate back office function, DHA is an efficient platform for growth.
- **Multi-specialty capabilities:** This allows for a greater capture of the full referral value chain, while also mitigating technology disruption risk.
- **Being an attractive employer:** The company's broad geographic footprint, scale and track record of quality outcomes enables it to pay its dentists & workforce well, and thus facilitates the attraction and retention of talent.

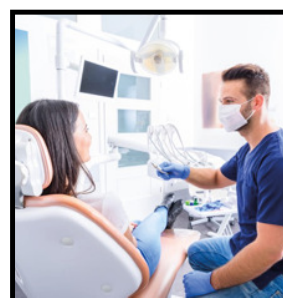


Dr. Amish Patel, President of PG Dental:

"At DHA, we aim to be the employer of choice for our dentists and clinical staff, providing unequalled service and quality of care to our patients and customers, while also working collaboratively with our pa-

yors to manage cost constructively. Our focus on these three pillars is what makes us different, and we were excited to find a partner with TriSpan that shares that vision and strategy for differentiation. I firmly believe that in a few years time, with the support of TriSpan, we will be a significantly larger group offering these best in class services to our patients across a wider geographic area."

Link to press release: <https://www.trispanllp.com/trispan-core/core-content/wp-content/core-media/2019/06/PG-Dental-Press-Release-2019-06-03.pdf>



Restaurant Insights



**Robin Rowland, UK Rising Stars'
Operating Partner:**

SPENT 35 YEARS IN THE RESTAURANT / F&B SECTORS

DEVELOPED AND LED MULTIPLE PUB & RESTAURANT BRANDS WITH LEADING UK HOSPITALITY SECTOR

BUILT YO! SUSHI FROM 3 TO ~100 COMPANY RESTAURANTS BOTH IN THE UK AND THE US

RECOGNIZED BY A NUMBER OF AWARDS SUCH AS "RETAILER OF YEAR"

AWARDED BY MCA, "GROUP RESTAURANTEUR, "ICON WINNER,

AND RECEIVED AN OBE

UK hospitality and Brexit

The pro-Brexit outcome of the June 2016 UK referendum as well as the ensuing political confusion look to have been material contributing factors to a diminishing UK consumer and investment sentiment. But the effect on the UK hospitality sector has thus far been rather muted with sector like-for-like sales in modestly positive territory over the last 3 years. The 2 most direct impacts of impending Brexit have been the increasing purchasing costs of imported goods due to the 15%+ drop in the trade weighted £ since the referendum and the unsettled employment status for EU nationals, especially in London. Coupled with rising payrolls due to above inflation minimum wage increases and higher pension and apprenticeship levies as well as property rate increases, this

combination of factors has forced many restaurants to undertake significant restructurings. This has also led to some notable casualties in the restaurant sector and forced many others to seek new rent deals through "Company Voluntary Arrangements" or CVAs. On the positive side though, restaurant concepts that continue to thrive in these conditions are increasingly able to take advantage of both the increasing availability of locations as well as better commercial terms of even some of the best locations ending an 8 year almost uninterrupted run favouring land lords.

Restaurant Insights



Standing still is not an option

If there is any doubt about the increasing pace of change also in the restaurant sector, look no further than “Deliveroo” in the UK. Launched in February 2013 with \$3m in funding, the company today is reportedly worth over £2 billion and its drivers are an ubiquitous presence on London’s streets. From a restaurant operator’s perspective, using delivery aggregators can be a double-edged sword and needs to be undertaken with eyes wide open. While operators gain a new (mostly incremental) income stream with no or limited “hassles” (in return for paying the aggregator 20-30% of net sales), the fact that it is now the aggregators that ‘own’ this (rapidly growing) customer base dramatically shifts the power balance. Couple that with the introduction of ‘dark’ kitchens (restaurant sites with limited to no retail space) as well as virtual brands enabled by all the data collected from high street restaurant brands and the scene is set for a “Darwinian struggle”. For now delivery only accounts for ~4% of total UK casual dining restaurant sales and its growth looks to be slowing over the last 6 months. But the sector has been put on notice! Only those groups that can evolve successfully and execute “TOGO” brilliantly while retaining their valuable “dine in” guests by offering great social experiences are likely to survive in the long run.

Portfolio Insights



Rising Stars

September: Thunderbird, TriSpan's "better" fried chicken concept, won the prestigious "People's Choice Award" for Best Wild Wings at the 2019 London Wingfest festival, Europe's largest attended by over 10,000 people. Thunderbird also won 2nd Place in the Judge's Choice Award for their Buffalo Wing and Burnt Butter Chipuffalo. Together this effectively crowned Thunderbird Fried Chicken as the most creative "wing-slingers" in London.

Link to press release: <https://www.trispanllp.com/trispan-core/core-content/wp-content/core-media/2019/09/TB-FC-Bulletin.pdf>

Number of restaurants under TriSpan team management

Dec-17A	27
Dec-18A	71
Dec-19A	99

Opportunities Fund

July: SK:N, UK's largest independent aesthetic skin clinic network, bought the operations of the seven Skin Health Spa and Flint+Flint Clinics and now has 75 clinics in the portfolio, exactly 50% more than at the time of TriSpan's acquisition of SK:N on Feb 1, 2019.

September: PG Dental closed its first add-on with the acquisition of the Bayonne practice in NJ on highly attractive terms. The team expects sizable revenue synergies over the coming months as Bayonne's volumes are onboarded onto PG Dental's rate agreements.



Key contacts

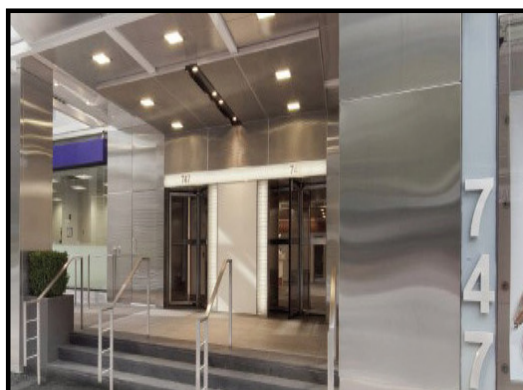
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