



Issue #3

Newsletter



TriSpan Update

A Whole New World: COVID-19

This past quarter, the world as we know seems to have come to an abrupt end. The harmlessly denoted CV-19 packed an economic punch like no other natural catastrophe in living memory. The truly global scope of this pandemic caused large parts of economic activity across all G20 countries to be shut down in waves since late 2019 and has, at the time of writing in mid April 2020, forced entire countries across Europe, North America and many other parts of the world into “lock downs”. This has led to the largest downward revision of annualised Q-on-Q growth estimates ever in most affected countries with, for instance, US Q1, 2020 expected to show an annualised decline of 8-10% and Q2, 2020 of between 30 and 40%. As a result US unemployment is spiking and in just 4 weeks has negated almost all of the employment gains made since the Great Financial Crisis 11 years ago. That is a truly astounding reversal of economic fortunes which will likely have profound consequences for many years to come.

Having said that, this crisis is also bringing out the very best in humanity. This crisis has been a great “equalizer” affecting everyone across society and we seem to have found a new sense of solidarity giving the recent UK Conservative Party slogan of “We are all in this together” an entirely unexpected new meaning. There has been a long overdue resurgence of appreciation for many critical workers such as the care workers, bin collectors, grocery store employees and especially health care professionals who, in many cases, have literally risked their lives to look after our sick and keep the rest of us safe, fed and generally critical services going. Where possible, our portfolio companies have aimed to play their part in this civic spirit by supporting furloughed employees as much as possible and some of our restaurants are making special offers available to hospital staff in both the UK and US.

Many also seem to take this time to reflect on what is truly important, reconnect with their families and appreciate the small things in life. Let us hope that we keep at least some of this spirit when we come out of this crisis.

At TriSpan we are happy to report that all of the team are healthy and working well from home. Like many other organisations, we are finding new and more efficient ways to work which will likely have a lasting positive impact on productivity going forward. Most importantly, our portfolio companies in both Rising Stars and the Opportunities Fund, while challenged in some cases, are by and large doing well and we feel strongly that they should be in a position to re-emerge well prepared to capture market share and take advantage of opportunities once this crisis subsides. While many of our peers are focused on putting fires out, our prudent investment approach allows us today to focus on the day after, making sure our companies adapt well to new realities and are readied to take advantage of post crisis add-on and growth opportunities.

We are also gearing up to take advantage of the post crisis investment world. The best private equity vintages were those after crisis years, especially for managers like TriSpan who have experience and expertise in build-ups, defensive sectors and growth strategies. We are therefore preparing for the first closing of OF 2 in September 2020 as we fortunately still have dry powder for add-ons and one or two more platforms in OF 1.

As a final note, allow us in these surreal times to quote two authors: Roy T. Bennett said: ‘Instead of worrying about what you cannot control, shift your energy to what you can create’. This is where TriSpan’s energy is focused today: creating value where and when possible and looking cautiously but proactively for the next opportunities. Victor Hugo on the other hand, who, like TriSpan, has a connection to Guernsey where he wrote some of his most creative works, reminds us in *Les Misérables* that ‘Even the darkest night will end and the sun will rise’. In that vein, we do hope and pray that our next quarterly newsletter will be issued in brighter times, under a proverbial rising sun. In the meantime, over the next pages please find a quick update on each of the portfolio companies. Stay safe. Stay healthy.



The TriSpan Team



Opportunities Fund

Portfolio Update

The Opportunities Fund portfolio was in good shape entering the crisis and is holding up exceptionally well thus far given the circumstances. This broadly validated our investment parameters with OF investing in companies:

- that exhibit resilience to recessions which had been anticipated during the fund's life
- with strong cash generation and market leading positions in their respective geographies or niches
- with good organic and buy-and-build growth prospects
- needing no or relatively little leverage in order to drive attractive returns

Portfolio Company	Company Update	COVID-19 Response & Areas of Focus
 WOOLPERT <i>(Leading US engineering consulting firm acquired in Nov-17)</i> 	<ul style="list-style-type: none">• Completed four acquisitions and executed an LOI on a fifth deal• Built an extensive pipeline of additional M&A targets; management currently reorganized to better support these acquisitions• Continues to outperform budget on top and bottom line basis• Customer and employee surveys indicate high NPS and level of employee satisfaction (in line with top 150 best companies of 2018)	<p>COVID-19 Response</p> <ul style="list-style-type: none">• Proactive liquidity management• No staff furloughs required• No rent deferral required• No debt relief required <p>Current Areas of Focus</p> <ul style="list-style-type: none">• Closing and integrating acquisitions• Developing its M&A pipeline further• Evaluation and close monitoring of COVID-19 impacts which are negligible thus far• Pursuing changes in organizational structure that will drive growth and accountability

 CentriLogic <i>(US IT services firm acquired in Jun-18)</i> 	<ul style="list-style-type: none">• Completed two major acquisitions (<i>ManageForce</i> and <i>ObjectSharp</i>)• Completed a full refinancing of loan arrangements as part of the <i>ObjectSharp</i> acquisition in late Q1, 2020
---	---

<p>COVID-19 Response</p> <ul style="list-style-type: none">• Proactive liquidity management• No staff furloughs required• No rent deferral required• No debt relief required <p>Current Areas of Focus</p> <ul style="list-style-type: none">• Integration of new leadership of <i>ManageForce</i> and <i>ObjectSharp</i>• Focused infrastructure capital spend• Further strengthening the finance function
--

Opportunities Fund

Portfolio Update (Cont'd)


Portfolio Company	Company Update	COVID-19 Response & Areas of Focus
  <p>(UK's largest network of dermatology clinics acquired in Feb-19)</p> 	<ul style="list-style-type: none"> Completed four acquisitions (<i>DesintationSkin</i>, <i>Skinhealth</i>, <i>The Harley Medical Group</i> and the <i>Adonia Medial Group</i>) resulting in a step change in scale and coverage Significant upgrading of website now generating promising results in forward looking indicators Reinforced the central team with the appointment of a new CFO and COO 	<p>COVID-19 Response</p> <ul style="list-style-type: none"> Clinics closed following government's orders All clinic staff furloughed Discussions ongoing with landlords Active liquidity management <p>Current Areas of Focus</p> <ul style="list-style-type: none"> Accelerating the integration of the acquisitions Enhancing online proposition and capabilities Preparing for re-opening
  <p>(US dental practice management company acquired in May-19)</p> 	<ul style="list-style-type: none"> Completed bolt on acquisition of <i>Bayonne Family Dental</i> in Oct '19 Added dentists and hygienists Reinforced the internal finance function (appointed a head of finance, implemented weekly KPI tracking, etc.) Initiated strategies to drive local marketing efforts and customer engagement Initiated multi-year office investments / refurbishments 	<p>COVID-19 Response</p> <ul style="list-style-type: none"> Improved liquidity further from a strong starting base All clinic staff furloughed Discussions ongoing with landlords <p>Current Areas of Focus</p> <ul style="list-style-type: none"> M&A activity (engaging in a number of live opportunities) Doctor engagement, retention and new hires Preparing for re-opening
  <p>(US culinary sharpening service provider established in Jan-20)</p>	<ul style="list-style-type: none"> Established the company in Jan-20 and have since then completed four acquisitions Onboarded senior leadership team In advanced discussions with a further five M&A targets 	<p>COVID-19 Response</p> <ul style="list-style-type: none"> Active liquidity management Non-working sales and delivery staff furloughed No rent deferral required <p>Current Areas of Focus</p> <ul style="list-style-type: none"> Executing M&A pipeline Corporate HQ & systems set up Liquidity management

Rising Stars

Portfolio Update

What makes this crisis so severe economically is both the extent and speed with which it has affected millions of companies, especially SMEs. The “lock-down” measures that have been enacted have effectively shut down large parts of the consumer sectors, causing company sales to collapse, in many cases to zero, quite literally overnight. One of the worst hit sectors has been restaurants with average daily revenues in affected parts of the US and UK falling by 70-80% by the end of March, just two weeks after the first lock down measures were taken.

Faced with this situation our deal teams together with the management teams of our portfolio companies reacted quickly and decisively. Unfortunately, this meant the furloughing a number of staff in some of our restaurants in addition to headquarter staff being reduced with the remaining teams taking voluntary reductions to salaries. In addition, all but the most essential payments, rents and tax payments were halted so we reduce the “burn rate” to a bare minimum and all government initiatives are being appropriately utilised. All of these initiatives helped to stabilize the portfolio thus far. All of our focus is now on preparing for the time after the lock-downs and the upcoming ramp up phase which is likely to be measured.

Portfolio Company	Company Update	COVID-19 Response & Areas of Focus
 <p>YARBIRD® SOUTHERN TABLE & BAR</p> <p><i>(US polished casual dining Southern cuisine operator acquired in Oct-17)</i></p> 	<ul style="list-style-type: none"> Strong pre-COVID 19 performance in Miami and Las Vegas Improved performance in the Singapore unit New site in Dallas hosted opening event and is ready to open New site in DC waiting for opening in Q1 2021 Improved systems delivering higher quality reporting and insights 	<p>COVID-19 Response</p> <ul style="list-style-type: none"> Miami unit converted to delivery and take-out platform with all other units closed Unfortunately had to furlough majority of team Discussions ongoing with landlords Reduced corporate overheads Several social initiatives in place <p>Current Areas of Focus</p> <ul style="list-style-type: none"> Preparing post COVID-19 ramp up plans and opening of Dallas and DC Further developing the company's off premise proposition
 <p>Rosa Mexicano DESDE 1984</p> <p><i>(US polished casual dining Mexican cuisine operator acquired in Mar-18)</i></p> 	<ul style="list-style-type: none"> Strong recent pre-COVID 19 performance across the estate after significant measures taken Signed an LOI for a unit in Boston Introduced structural changes to enhance site level profitability Developed a more robust marketing program, including internal upgrades to marketing department Developed a clear value creation plan including site by site initiatives 	<p>COVID-19 Response</p> <ul style="list-style-type: none"> All units closed except for Lincoln Centre and Fenix which are open for delivery only Unfortunately had to furlough majority of team members Discussions ongoing with landlords Several social initiatives in place to enhance civic engagement <p>Current Areas of Focus</p> <ul style="list-style-type: none"> Preparing for post COVID ramp up Further developing the company's off premise proposition Re-modelling selected stores

Rising Stars

Portfolio Update (Cont'd)

Portfolio Company



ROSA'S
THAI CAFE

(UK casual dining brand serving Thai cuisine acquired in Jun-18)



Company Update

- Excellent pre-COVID 19 performance across the whole estate
- Built out executive team, including hiring a Head of People, Operations Director and Head of Back of House
- Developed strategy plan with key focus areas for the next 12 months
- Several new sites already signed or close to signing to be opened over the next 12- 24 months

COVID-19 Response & Areas of Focus

COVID-19 Response

- All sites closed to dine-in but ~60% continue to deliver
- Majority of team unfortunately furloughed
- Discussions ongoing with landlords
- Proactive social campaigns (such as "Feed the NHS!")

Current Areas of Focus

- Preparing post COVID-19 ramp up
- Executing on pipeline of sites
- Continue to explore delivery



STACKED
FOOD WELL BUILT

(US casual dining brand serving American cuisine acquired in Sep-18)



- Strengthened leadership team by appointing a new CEO and augmenting the board of directors
- Implemented several initiatives to streamline costs and enhance profitability of sites
- Revamped service model, improved productivity and customer feedback systems

COVID-19 Response

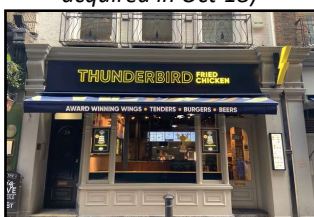
- All sites closed per government mandate
- Majority of team unfortunately furloughed
- Discussions ongoing with landlords
- Reduced corporate overheads

Current Areas of Focus

- Preparing post COVID-19 ramp up
- Continue to drive efficiencies across the estate and centrally



(UK quick service "better" fried chicken operator acquired in Oct-18)



- Product remains compelling with excellent feedback and winning prestigious prizes (such as at Wingfest 2019)
- Established full central and site level teams
- Implemented new menu and brand design
- Recently opened a concession / street food site in Paddington

COVID-19 Response

- All sites closed
- Majority of team unfortunately furloughed
- Discussions ongoing with landlords
- Proactive social campaigns (e.g. win a home frying kit and fried chicken masterclasses)

Current Areas of Focus

- Preparing post COVID-19 ramp up
- Leveraging "downtime" from COVID-19 to continue to work on the menu and operations

Key contacts

London

TriSpan LLP
39 Sloane Street, London
SW1X 9LP, United Kingdom
enquiries@trispallp.com
+44 (0)20 3056 2900



New York

TriSpan (USA) LLC
747 Third Avenue, 22nd Floor
New York, NY 10017 United States
enquiries@trispallp.com
+1 646 586 2194



WWW.TRISPANLLP.COM



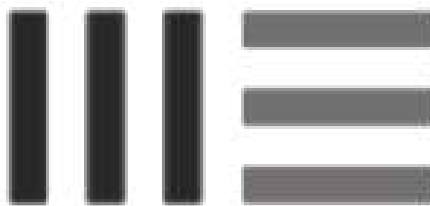
WWW.LINKEDIN.COM/COMPANY/TRISPAN-CORP/



[TRISPAN_PE](https://www.instagram.com/TRISPAN_PE)



[@TRISPANLLP](https://twitter.com/TRISPANLLP)



The data provided in this newsletter is for information purposes only and should not be construed as investment or tax advice nor as a recommendation to buy, sell, or hold any particular security. TriSpan believes the data in this newsletter is accurate but does not verify its accuracy independently and does not warrant or guarantee that it is accurate or complete. TriSpan has no obligation to provide any updates or changes to the data. No investment decisions should be made using this data.

© 2020 TriSpan LLP, All rights reserved.
39 Sloane Street London, SW1X 9LP

TriSpan LLP is authorised and regulated by the Financial Conduct Authority