

# III E TRISPAN<sup>®</sup>

**Issue #6**

**Newsletter**



# TriSpan Update

## A promising 2021 beginning

As COVID-19 restrictions around the world were relaxed, we saw good performance across our portfolio companies, which have proven to be very resilient during the COVID-19 period. Positive sentiment towards the UK and US hospitality sector is increasing and as hopefully restrictions continue to ease, consumers are demonstrating their desire to return to restaurants. After months of quarantine and physical distancing, Rising Stars (RS) portfolio companies are demonstrating a strong recovery curve as restrictions are lifted.

We are pleased to announce we added a new company to our RS portfolio. On August 2<sup>nd</sup>, we acquired a significant majority stake in Pho, a leading Vietnamese restaurant group in the UK, operating 30 restaurants and 3 cloud (delivery-only) kitchens. Pho is actively reviewing expansion opportunities as the country hopefully emerges from the pandemic. TriSpan is also in the final stage of due diligence on its 9<sup>th</sup> RS investment which is based in the US and expected to close in September.

Opportunities Fund I (OF I) performed in line with top quartile peers<sup>1</sup>, having completed 35 add-ons since inception of which 8 add-ons since January 2021, driving value and enhancing NAVs. Woolpert's exit in April 2021 marked our first OF I exit. During our tenure, it achieved organic growth of c.9% p.a., closed 6 successful bolt-on acquisitions and increased revenue by more than 80% reflecting the significant value creation during the past 3 years. All of the strategic and tactical initiatives taken during our investment period were done using limited leverage and led to increased multiple arbitrage.

Our Opportunities Fund platform continues to focus on the significant increase in opportunities that TriSpan's investment team is able to source in the lower-mid market, arising from current global market dislocation. With two proprietary deals completed since Dec-20 and one more opportunity near completion, the platform is offering significant visibility and prospect for a limited J-Curve.

PrestigePEO's acquisition was completed in December 2020. PrestigePEO is the 9<sup>th</sup> largest Professional Employment Organisation in the US<sup>2</sup>, a resilient, fast growing and highly fragmented industry. PrestigePEO has grown organically at 15-20% for over 10 years, well ahead of the industry. The company is completing its first add-on acquisition in August 2021, offering scope for more meaningful value uplift.

Additionally, we completed the acquisition of Real Good Dental in June 2021. The company has grown rapidly over the last few years to become the 2<sup>nd</sup> largest Dental Group in Scotland<sup>3</sup>. Since closing the deal, the company has continued on its path of add-on acquisitions with one completed acquisition in June 2021 and maintains a strong pipeline of both single and multi-practice acquisition opportunities, while organic performance remains strong.

Finally, Project Brick is expected to close in September 2021. This proprietary OF opportunity consists of a roll-up of the fragmented German property management space, a highly resilient industry with high barriers to entry, offering significant scope for both organic and M&A led growth. The company maintains a strong pipeline, with several advanced targets expected to close by year end.

As we hope life will return soon to a semblance of normality, we remain focused on capturing compelling opportunities that have arisen from COVID-19 disruption as well as closely managing our portfolio companies. We expect 2021 to be a promising year for our OF and RS funds, with 3 to 4 platform acquisitions and 20+ add-ons by year end, and having more than doubled our AuM.

## The TriSpan Team

### 1 / TRISPAN NEWSLETTER

- <sup>1</sup> Based on Preqin. As of December 31, 2020. Excludes Information Technology focused peers. Reflects 2017 Buyout Vintage for NA + Europe for fund sizes of less than \$500m. 2017 vintage used to match first OF I investment. OF I performance reflects fees and carry which may not be directly comparable to peers' fee structure.
- <sup>2</sup> As measured by payroll dollars processed; source: National Association of Professional Employer Organizations (NAPEO).
- <sup>3</sup> TriSpan analysis based on publicly available information sources, Christie & Co "Dental Market Review 2020/21" and Christie & Co "Dental Market Update" September 2020.

# OF I – Woolpert Exit



## OF I First Exit: Woolpert

Woolpert is a leading US engineering consulting firm that blends traditional engineering and architectural services with leading edge technology and geospatial applications to help its clients plan, design, operate and manage critical infrastructure projects.



OF I successfully exited from Woolpert in April 2021 in less than 3.5 years, and exceeded all of our key underwriting metrics.

### 1 Focus on Attractive Sectors

- Resilient to downturns
- Strong organic and buy and build growth potential



- Organic growth ~9% p.a.
- Add-ons: 6



### 2 Focus on Value Creation

- Strong management team
- Redesigned organizational structure
- Post-acquisition integration focus



- Revenue: 80%+



### 3 Multiple Arbitrage

- Attractive entry multiple, with accretive tuck-in acquisitions



- Multiple arbitrage achieved at exit: 5x+



### 4 Limited Usage of Leverage

- Low leverage enabled tuck-in acquisition strategy



- c.1x at exit



### 5 Proprietary Sourcing

- Strategic acquisitions strengthened geographic reach and enhanced breadth of product offerings



- Acquisition and add-ons were all proprietary



# The Current Opportunity

## TriSpan continues with its Opportunities Fund platform

TriSpan seeks to capitalize on the significant increase in opportunities that its investment team is currently sourcing in the lower-mid market in both the United States and Europe.

The strategy remains focused on:

- Lower mid-market transactions, buy and build growth investments with equity tickets of \$20-80m targeting companies with \$5-20m in EBITDA in resilient and fragmented industries
- Primary focus on being first round of institutional capital in three sectors: Business Services, Healthcare Services and Specialty Manufacturing
- Offering a substantial, programmatic co-investment opportunity of up to 1:1 co-investment to fund ratio (and potentially more in select situations)
- Targeting 10-12 platform investments, with an estimated two-thirds of deployment in North America and one third in Europe

### OF in Context

#### TriSpan - OF (2015 – Present)

- Successfully established TriSpan
- Launched OF I in 2016
- Invested in **7 platforms and a further 35 companies** so far
- No J-curve, expected top quartile performance<sup>1</sup>

#### OF (2020+)

- Continuing the OF platform on the back of OF I performance
- Maintain investment strategy and focus
- **Capitalizing on increased flow of attractive opportunities** arising from the current global market dislocation

### OF Investment Focus

**Industry: Business Services, Healthcare Services and Specialty Manufacturing**

**Buy and Build Focus**

**Proprietary Sourcing**

**Limited Use of Leverage**

**Defensive Sectors / Industries**

**Operational Transformation**

# OF – Two Recent Deals

## PrestigePEO



In December 2020, TriSpan invested in PrestigePEO – a professional employer organization (“PEO”) platform operating in a growth industry with an actionable pipeline of M&A targets.

- PrestigePEO provides comprehensive out-sourced human resource services to SMEs
- PEOs serve as an external extension of a company’s HR department
- Service offerings include payroll management services, employee benefits, compliance, HR management and more
- Proprietary deal, a year in discussion. The Group is completing its first add-on acquisition in August 2021

### Investment Highlights

- ✓ 9th largest business<sup>1</sup> in a highly fragmented industry: actionable pipeline of targets
- ✓ Favorable industry trends: high single-digit growing market with large whitespace
- ✓ Highly diversified revenue base
- ✓ Attractive standalone financial profile
- ✓ Strong management team with 15+ years average experience and ‘skin in the game’



## Real Good Dental

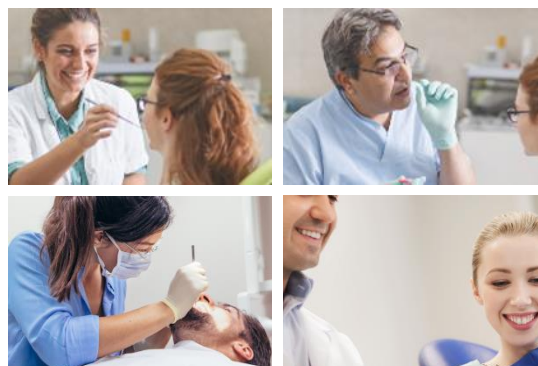


In June 2021, TriSpan invested in Real Good Dental (RGD) – a well resourced and reputable group of dental practices with a strong market position in Northern UK.

- RGD’s portfolio has grown through well-planned strategic acquisitions across both dental and aesthetics practices
- Today RGD is one of the largest dental groups in Northern UK, operating a perimeter of >40 practices
- Proprietary deal, a year in discussion. Since TriSpan investment, the Group has completed one add-on acquisition in June 2021

### Investment Highlights

- ✓ Clear buy & build opportunity: Second largest dental chain in Scotland operating in a highly fragmented market
- ✓ Attractive market dynamics: Dentistry is large, stable and defensible sector
- ✓ Platform with a compelling financial profile and consistent performance across the estate
- ✓ Entrepreneurial founders & team which demonstrated compelling balance of clinical knowledge and strong business acumen



# OF – Imminent Pipeline

## Project Brick

Project Brick is a newly established buy & build platform in the German residential property management market, expected to complete a first closing in September.

Proprietary deal in which TriSpan is partnering with Brick's founder to close on an initial set of acquisitions under agreed terms, with further capital commitments to fund future M&A.



Attractive market dynamics



Material upside potential



Immediately actionable roll-up



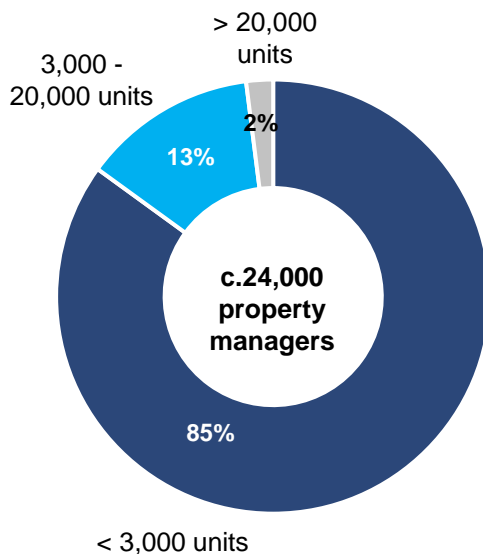
Experienced founders



Strong TriSpan Fit

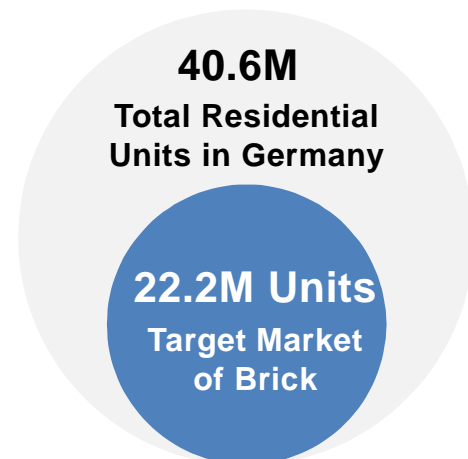
### PROPERTY MANAGERS BREAKDOWN BY SIZE (2020)

The market structure is favorable for a consolidation play due to its high level of fragmentation with c.24k property managers in Germany



### TOTAL # OF RESIDENTIAL UNITS IN GERMANY<sup>1</sup>

The German property management market is a large and growing sector, with c.22.2m residential units constituting Brick's target market



# RS I – Portfolio Spotlight Update

## Yardbird

Yardbird is a polished casual dining restaurant showcasing a modern take on traditional Southern US cuisine.



Opened a new unit in Washington DC on April 1<sup>st</sup>



Los Angeles expected to reopen in September



Recruited a Michelin Star Executive Chef in Washington DC



## Rosa's Thai Café

Rosa's Thai Café is a UK based Thai casual dining chain.



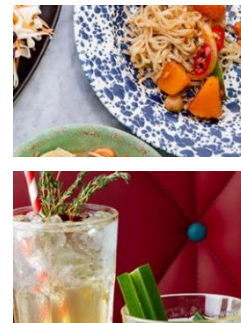
Recent site openings in Finsbury Park, Greenwich and Birmingham



All 26 restaurants<sup>1</sup> plus 4 cloud kitchens open and operational



Rolling out Rosa's Thai Veggie option



## Thunderbird Fried Chicken

Thunderbird Fried Chicken is a UK-based, early stage, fast casual "better" fried chicken concept.



Recent opening in Earl's Court (London)



All 3 high street, 3 cloud kitchen and 2 licensed units open and operational



New Operations Director hired in May '21 to augment the senior leadership team



## Maman

Maman is a premium fast casual restaurant, café and bakery offering locally sourced food and high-quality coffee.



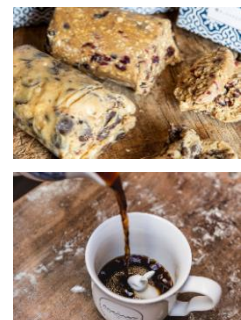
Secured 18 units in prime locations incl. 3 which have already opened



Hired VP of Operations, HR Director and 1 additional Regional Director



Revamped accounting and operating systems, rolling out Restaurant 365 and Toast across all stores



# RS I – Recent Acquisition



## Pho

On August 2<sup>nd</sup>, TriSpan announced the acquisition of a significant majority stake in Pho, a leading Vietnamese restaurant group in the UK, operating 30 restaurants in London & provincial cities and 3 cloud (delivery-only) kitchens.

### Company Snapshot

- Founded in London in 2005 by husband-and-wife Stephen and Juliette Wall who thought of the concept after travelling to Vietnam and fell in love with the cuisine. They decided to open their first store using all their savings
- Menu proposition is split across five main categories of traditional dishes: Gioi (Vietnamese salads), Pho (steamed noodle soup), Pho Xao (wok fried noodle salad), Bun noodles (noodle & salad bowl) and Com Tam (Vietnamese curry)



### Investment Highlights

Strong positioning in a large and growing market

Consistent sector leading economics across multiple formats

Well known brand in the UK market with a recognized offering

Clear opportunities for continued growth

Strong and aligned management Team / Founders / Investor

Substantial opportunity for TriSpan to add value



# Human Resources Update

## TriSpan continues to grow and to invest in its human capital

At TriSpan, human capital is at the core of the company as we believe our team members are the biggest drivers of positive change. Through our 'open door' policy and regular team interactions, we thrive to create a community of diverse and motivated individuals from around the world with one common goal - to create value.

Since TriSpan's launch in 2015, our team has grown to c.30 professionals with over 10 different nationalities. In the past 12 months, we have added 5 new individuals in our team. Our team currently includes 11 OF Operating Partners, one of whom is focusing on ESG implementation; with more professionals likely to join soon.

TriSpan is constantly investing in its human capital through several initiatives such as TriSpan University, a set of financial courses and discussion sessions organized by our partners, as well as our mentorship program that connects experienced professionals with young and motivated individuals.

### New Hires:



**Joanna Weiss**  
Director  
Investor Relations  
New York



**Rob Gaskell**  
Director  
Finance & Ops  
London



**Marcello Cabral**  
Associate  
Finance & Ops  
London



**Guillaume Chassing**  
Associate  
Investment Team  
New York



**Della Mecattaf**  
Analyst  
Investment Team  
London

# Key Contacts

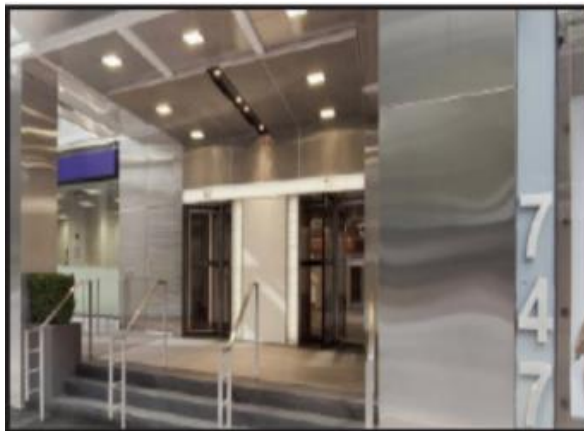
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