

# TriSpan – Newsletter

## Issue 9



## Celebrating 20 Years of Successful Entrepreneurship

Today we are celebrating the IPO of Tiendas Tres B, an investment Elan and I drove from scratch by leading its three rounds of equity financing and its round of PIK financing when we were at Quilvest. I had the privilege of leading its Board of Directors in its first formative 10 years. The company held its IPO on February 9, 2024, with a listing price translating into outsized returns. The story of Tiendas Tres B is very telling of our entrepreneurial DNA and our investment philosophy and approach. Since that venture, Elan and I, at various stages of our careers, led a total of eight entrepreneurial greenfield investments, all highlighted in this newsletter. Two were done prior to the launch of TriSpan: Tiendas Tres B (Mexico) with Quilvest and Eathos (UAE and KSA), and six since 2015: TriSpan (USA and Europe), Food Prep Solutions (USA), Naya (USA), Smart Arches (USA), DHV Plus (Germany) and L'Atelier (France). All of those companies, with the exception of Naya, were started from scratch. All started as business plans that we turned into a reality. Approximately 30,000 people work at these companies today, and all of them have promising to very promising futures. Tiendas Tres B was the first start up investment we made, and it culminated in its recent NYSE IPO. Looking back, we have learned a lot and have realized common themes and drivers across those eight startups that resulted in their success. We are proud today to share with you in this newsletter those lessons learned and what we believe is at the core of TriSpan's DNA and drivers of success.

It all started in 2000 when I, along with two partners, tried to invest in BIM, a fast-growing hard discounter in Turkey. BIM had successfully replicated the German Aldi hard discount model with 200 stores at the time. We unfortunately came second in the race. In private equity, when you are second, you become the (un)happy first of the losers. That was an utter disappointment as I fell in love with the hard discounting model. Four years later, in my third year at Quilvest, I decided along with a very capable entrepreneur, Kamal Anthony Hatoum, to do what BIM did but in Mexico. Some thought we were bold to go to a country in which neither Hatoum nor I had ever worked or invested in. We were new to Mexico and new to hard discounting. The rest is history. Per its F1 filing and road show presentation, Tiendas Tres B today has more than 20,000 employees and 2,250 stores. It opened 396 net new stores in 2023 or more than 1 per day. It generated \$2.5 billion in sales and is the fastest growing retailer in Mexico with a 34.4% revenue CAGR. It is the second fastest growing company in Mexico, according to the Financial Times.

Tiendas Tres B today is a result of the hard work and capable hands of its CEO, underpinned by the support of its investors throughout the years but also the result of my failure to invest in BIM. Failure led to success and to the beginning of a spree of startups, most of which are as promising as the Tiendas Tres B story, and are highlighted in the pages ahead. More importantly, our investment in those eight startups taught us valuable lessons in PE and in entrepreneurship. We will go over our learnings and what we believe are the drivers of success. Today, we are strong believers that as a PE firm there is a lot of value in doing greenfield investments, especially in industries we understand. We are not technology entrepreneurs or venture capitalists per se. Our industries (hard discounting, property management, knife sharpening, restaurants, dental, etc) are as old and as traditional as can be. They are in traditional old economy sectors but with many opportunities to still create value and build large and leading companies. 4 out of those 8 companies became number 1 or number 2 in their respective industries within two to three years of their launch. Very few PE firms make such investments, but when executed well outsized returns can be achieved.

At TriSpan, we continue to look for such opportunities while we capitalize on our unique, proprietary pipeline to invest in great lower mid cap buy and builds in the business services, multi-unit healthcare and niche manufacturing sectors, as well as in restaurant roll outs. We are fortunate today to have a very healthy pipeline of promising opportunities, and will continue to invest with the same passion, drive and discipline that made us successful entrepreneurs. The lessons we continue to learn in our startups are very valuable lessons for our buy and builds and for our roll outs.

On a personal note, the recent IPO of Tiendas Tres B on the New York Stock Exchange is not only 'another successful realization'. It is a constant reminder that we can learn from and capitalize on our failures, and that when facing adversity and setbacks, as we did in the early years of every one of our eight startups, passion, discipline, hard work and focus will undoubtedly lead you to the desired outcome.

Fady Michel Abouchalache

## TriSpan's 2023 Achievements

**8**

Completed add-ons

**Proper**, a residential property management company with **5K** units

**Smart Arches**, a group of speciality dental offices

**>\$1BN**

Funds Raised Since Inception

**12**

Nationalities Represented

## TriSpan 2023 Activities & Accomplishments

**4**

Promotions in 2023

Investments in **3** Industries

**THANK YOU** to our **289** Investors!

**20 Current Platforms**

**53**

Professionals  
33 Full Time  
20 Operating Partners

Attended **12** industry conferences including IPEM, Paris & Cannes; Super Return, Berlin; McGuireWoods, Dallas

More than **2817+** jobs created across both OF and RS platforms.

**6** new TriSpan members added

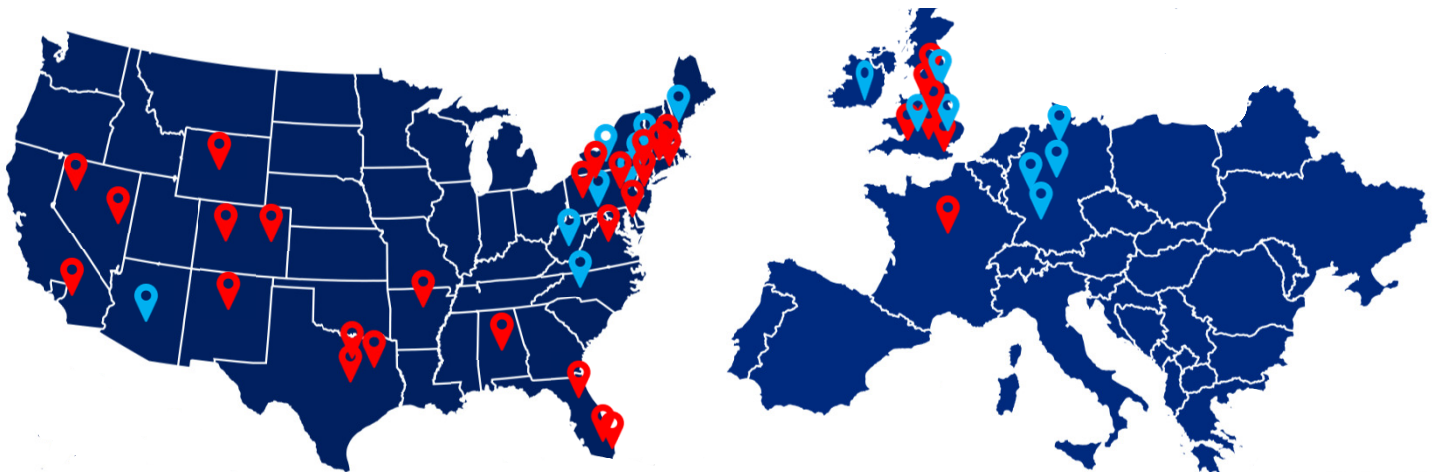
**34**

Restaurants opened in 2023

**Mowgli**, **21** site casual Indian chain

**L'Atelier Entrecôte & Volaille**, a unique steak-frites concept

**10,000+** Employees Through Our Rising stars and Opportunities Platforms



📍 RS Companies  
📍 OF Companies

# A Look Back at 2023's New Investments



## TriSpan's Momentum



Smart Arches is a specialty dental platform, established in partnership with Dr Oh, an initial doctor partner of the ProSmile business, offering patients a full array of affordable and reliable dental implant services, including full mouth reconstruction.

- **9** active clinics.
- **5** client visits required instead of 12 (as per industry standards).
- **12** signed dentists and 17 near-term prospects.



- **5,000** residential units.
- Market presence in **11** US states.
- Founded in **2023**, thus emphasizing our entrepreneurial spirit.

TriSpan recently invested in ProperXPM, a residential property management company focused on serving multifamily building owners and operators across America. By leveraging the expertise gained through DHV Plus, TriSpan intends to transform ProperXPM into a nationwide property management service provider.



TriSpan invested in Mowgli, the largest Indian casual dining chain in the UK (by number of units) in January 2023. Mowgli's unique offer combined with a strong value proposition appeals to a wide audience. Supported by a strong management team, the business has been able to mitigate inflationary pressures experienced over the last ~18 months. Looking to the future, Mowgli is broadening its reach through UK-wide openings.

- **21** restaurants with **6** opened under TriSpan ownership in 2023, all performing ahead of budget.
- **6** pipeline locations identified and at advanced stages of negotiations, **5** of which to open in 2024.
- Building further presence in London.



- First opening in mid February 2024.
- 4 to 5 more openings planned for 2024.
- Unique chicken offering in the space.

Greenfield investment in the steak/chicken frites space. Partnered in 2023 with experienced restaurant operator Hubert Lansac, targeting a roll out in France, Luxembourg and Belgium.



## The 5 D's of Successful Entrepreneurs

### Dreams:

We can't be successful entrepreneurs without being dreamers. Dreams of building a company and of bringing new products and services to the market. Dreams allow you to stay the course while facing headwinds along the way. Dreaming is imagining the possible and sometimes the impossible. It is defining the path and the end game. It is longing for the final prize. It is the fuel that will allow you to move forward on the sinuous and uphill road. Yes, entrepreneurship starts with an idea. The idea turns into a business plan. The business plan needs to be financed and hence comes the investors. The business plan becomes a company and hence comes the first employees and the 'team'. The team develops the service, the product, the value proposition and then come the clients. And the virtuous circle comes into existence. But for that circle to stay alive, relevant, and ahead, it needs to be continuously fueled by dreamers, by those seeking the greater and the better.

When at Quilvest, we decided to support the initial investment in **Tiendas Tres B**, we had a dream: that of replicating what BIM had done in Turkey and becoming the leading hard discount chain in Mexico. When at TriSpan we decided to invest in **L'Atelier**, our dream was to offer clients a great entrecote with a unique sauce. We wanted to democratize a great value proposition and make it accessible to a greater number of clients. When we decided to invest in **Naya**, we knew that Hady, Naya's founder and CEO, had developed an exceptional food experience and a dream to make Naya the USA's national leader in the Middle Eastern space.

### Due Diligence:

This is a common and basic practice in our trade, yet entrepreneurs and investors often fail to do it well. Most new ventures fail. This is because entrepreneurs and investors can often be blinded by their passion or by their inherent biases or by a distorted understanding of reality. It is critical that investment, strategic and tactical decisions be based on research, facts and analysis and not on emotions. There was nothing emotional, novel or sexy when we invested in **DHV+**, the property management business in Germany, or in **FoodPrep Solutions**, the knife sharpening business in the USA. Yet all the data and analysis pointed towards a great opportunity to effect change in the industry and to become leaders if executed well. In each case, we have spent more than one year with the entrepreneurs researching and analyzing the facts about the industry, the competitors, and the trends.

### Drive:

There are two realities that most entrepreneurs underestimate. The first is how much hard work building a great company requires. And second, the fact that it is very rare for an entrepreneur not to face severe and unexpected headwinds. Hard work, motivation and drive are key ingredients to navigate the choppy waters of most entrepreneurial ventures. It will often look too hard, too difficult, almost impossible. You just need to keep at it. The first four years of **Tiendas Tres B** were challenging. Our initial business plan became a distant reality. Obstacles seemed unsurmountable. The company was well behind our projected number of stores and our average sales per store. However, the management team kept at it with hard work and determination and the investors support remained intact until all came into place and the company built a second to none operation in Mexico. What drove both management and investors were a common dream, a similar vision but also hard facts and data that kept on pointing to the potential ahead. The same with **DHV+** and **FoodPrep Solutions**: building HQs and central capabilities from scratch is not an easy task, especially when you want to become a leading industry player. You need a lot of determination and energy to build world class operations.

### Discipline:

Discipline and focus are key. Headwinds, obstacles, new facts, abundant new data, and failures will all stray you away from the path. Successful entrepreneurs stay focused with clear, simple, well articulated and narrated goals and milestones. The key is to stay the course with minimal diversions until a certain cruising altitude is reached. If we want to oversimplify it, at **Naya**, **Eathos** and **L'Atelier**, it was all about the food and people (service). When both are achieved, the rest becomes easier. Such achievements sound easy but keeping up the food and service quality day in, day out at restaurants requires an unwavering discipline and focus. At **Tiendas Tres B**, a circa 4% EBITDA margin business, it is all about flawless and efficient operations. At **DHV+** the value proposition is relatively simple, yet the challenge is to stay cost competitive and differentiated enough to gain new contracts, market share and scale efficiencies.

### A word from Fady Abouchalache:

*'Elan and I, along with our historic and current partners, were very fortunate to be involved at various stages of our careers in the creation of 8 new companies. It is yet to be seen if all 8 will be as successful. We call ourselves data driven entrepreneurs. Along with formidable teams, we developed comprehensive business plans based on thorough research and analysis. Yet every one of our 8 startups missed projections in the early years and faced unforeseen adversity. This is part of the game. The key to success in this case is for investors and management teams to remain as passionate, driven, disciplined, and focused as on the first day. All of that with a necessary dose of healthy realism and humbleness. Allow your dreams to drive you and be the fuel of the required energy but only data and facts should define and determine the path forward. It is a rollercoaster ride - sometimes scary, but a hell of a fun ride!'*

## Eathos

Eathos is a company founded in 2014 to exploit the lack of investment into restaurants in the Middle East. Beginning with franchise agreements, Eathos has expanded to include franchises, M&As and startups, with 45 restaurants across the UAE and Saudi Arabia including SushiArt, Kababji, Joga and Rosa's Thai.



# eathos

At Launch (2014)

Now

• 0 points of sale.

• 45 points of sale across Saudi Arabia and the UAE.

• 0 offices.

• Offices in the UAE and Saudi Arabia.

• 0 employees.

• 712 employees.

## Tiendas Tres B



At Launch (2004)

Now

• 0 stores.

• 2,250 stores by end of 2023.  
• Opening a new store every 22 hours.

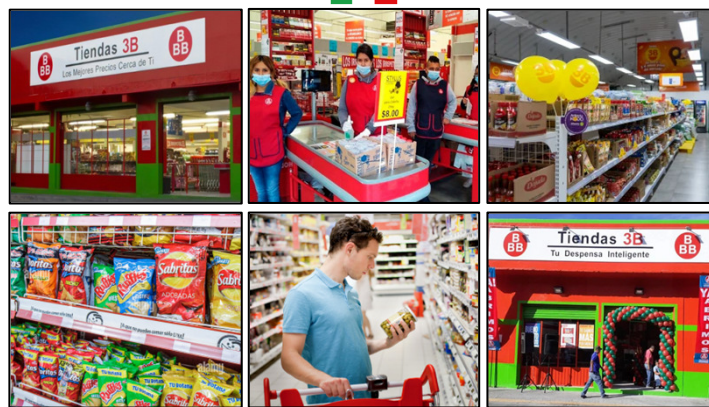
• 0 warehouses.

• 14 warehouses.

• 0 employees.

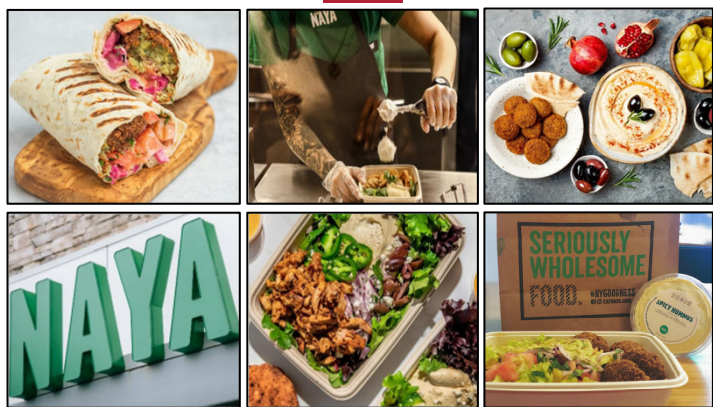
• 20,000+ employees.

In 2004, Fady Abouchalache, then at Quilvest, and Anthony Hatoum agreed on partnering to launch a hard discount chain in Mexico. They were both inspired by BIM in Turkey and its successful roll out of the Aldi-like concept. Less than 20 years later, Tiendas Tres B became the Mexican leader and IPO'd on the NYSE. The bet of two Americans of Lebanese descent to go to a new country was bold. But the dream was there, and it paid off. After Fady and Elan's departure from Quilvest, Quilvest continued to manage the investment.



## Naya

Founded by Hady Kfoury in 2010, Naya is a high-growth, differentiated Middle Eastern fast casual restaurant chain. Naya offers a “build-your-own” concept with authentic and healthy products at affordable prices. Hady Kfoury’s extensive previous experience in some of the best NYC restaurants (including Daniel, a New York Times 4 star restaurant) provided him with the skills and resilience necessary to build and expand Naya across the country.



### At Launch (Oct-2020)

### Now

- Focused on 4 sites across 2 U.S states. Establishing a brand identity and tuning the value proposition.

- 33 sites across 5 states by end of 2024.

- High potential local chain looking for solutions to scale up.

- 4.4/5 google rating on average.
- Average size of ~1,500 sq.ft.

- A “Start-up” management style exclusively led by Mr. Kfoury.

- >500 employees across the US by end of 2024.

## Smart Arches



### At Launch (Sept-2023)

### Now

- Only 1 clinic based in Langhorne.

- 9 clinics across 4 states along the East Coast.

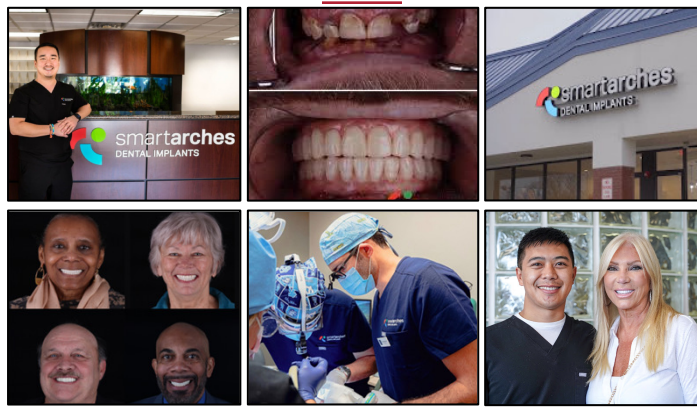
- 12 Members of Staff.

- 100 members of staff with 25+ in discussion to join our new clinics.

- 12 visits required for treatment as per industry standards.

- Only 5 visits required therefore reducing waiting time for clients.

Smart Arches specializes in providing high quality dental implants and dental reconstruction at a 25-30% discount compared to average market prices. Smart Arches was incubated and launched by ProSmile, another one of our portfolio companies, and Dr Simon Oh. With 36 million Americans being edentulous, Smart Arches is expecting to rapidly expand across the country and already employs more than 100 staff members.





## L'Atelier Entrecôte & Volaille

L'Atelier Entrecôte & Volaille is TriSpan's 11th restaurant investment globally and 5th in Europe. It is an investment with Hubert Lansac, aiming to roll-out an entrecote and chicken concept in France, Belgium and Luxembourg. The nature of this concept means that the business has a high EBITDA margin, which combined with a unique, in-house developed sauce, gives it huge upside potential.



L'Atelier  
ENTRECÔTE & VOLAILLE  
*Sauce qui peut!*

### At Launch (Feb-2024)

### Now

- No restaurants/no lab.

- Lab opened in October 2023.
- First site planned for mid-February 2024.

- Developed a unique sauce, believed to be amongst the best in this sector.

- 5 to 6 restaurants by December 2024.

- Introduced chicken in addition to entrecote.

- Ramping up to be ready for a busy Olympics period.

## DHV Plus



Deutsche Hausverwaltung Plus (DHV Plus)

### At Launch (Sept-2021)

### Now

- No staff.

- 25+ full-time employees.

- Fragmented individual property managers.

- 16 property managers acquired within 2 years.

- No units under management.

- 103,000 units under management.

In September 2021, TriSpan established Deutsche Hausverwaltung Plus (DHV Plus), a company in Germany designed to execute a roll up in the residential property management market. Property managers provide a range of core services to their customers, such as daily oversight of residential properties, including day-to-day repairs, ongoing maintenance, security and upkeep of properties.





# TriSpan Entrepreneurial Investments



## FoodPrep Solutions

In January 2020, FoodPrep Solutions (FPS) was established as a platform company to acquire and consolidate route-based cutlery exchange businesses, as well as industrial/commercial kitchen equipment sales and service companies. Since then, TriSpan has completed 20 add-on acquisitions, establishing the company as one of the largest regional players on the US eastern seaboard.



### At Launch (Jan-2020)

### Now

• No Employees

• 176 Employees

• 0 Acquisitions

• 21 Acquisitions

• 0 States Served

• 13 States Served

## TriSpan



### At Launch (2015)

### Now

• \$120M of funds raised.

• More than \$1 Billion in funds raised.

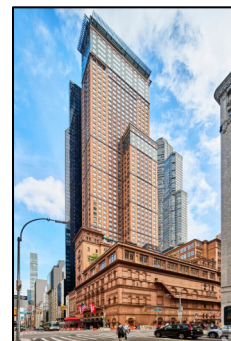
• 14 investors.

• 289 Investors.

• No Portfolio Companies.

• 20 platforms and 100+ companies.

Founded by Fady Michel Abouchalache and Elan Schultz and with the support of more than 10 leading USA, European and MEA families, TriSpan was launched with a focus on greenfield and lower-midcap investments as well as value add real estate investments. Since its launch, TriSpan has grown steadily with more than \$1 Billion in investments and commitments and 53 team members including 20 Operating Partners. TriSpan's unique investment approach and focus with more than 95% of proprietary sourcing puts it in a unique position to achieve outsized returns.



## TriSpan 2023 Promotions

### **Ben Shaw – Vice President to Director** (*London*)

- Worked in Investment Banking with the consumer and retail team of Bank of America Merrill Lynch.
- A key member of the deal team, helping to support in the fund raising, investing, and monitoring across both the Rising Stars and Opportunities platforms in the UK and Europe.
- Holds a 1<sup>st</sup> class BSc (Hons) in Accounting and Finance from the University of Warwick.



### **Dimitri Pateras – Associate to Director** (*London*)

- Spent 4 years as a finance analyst at Aegeus Shipping S.a. in Greece.
- Played a lead role in developing the Greek market for TriSpan.
- Successfully started conversations with significant prospects in Greece, Switzerland, Germany and Italy.
- Holds a Masters in Financial Services and Banking from the Sawyer Business School.



### **Massimo Galli – Associate to Vice President** (*London*)

- Joined us as an intern in the London office in October 2018 from Accenture in Milan and was promoted to Analyst in August 2019 and subsequently to Associate in January 2021.
- Led key workstreams working directly with the partners on new deals and has been an integral part of the RGD and SKN portfolio companies.
- Holds a MSc in Finance, Accounting and Law from Università Commerciale Luigi Bocconi.



### **Della Mecattaf – Analyst to Associate** (*London*)

- Joined us as an intern in the London office in May 2021 from investment banking at UBS London and was promoted to Analyst in January 2022.
- Worked directly with the partners and management teams on DHV and L'Atelier Entrecôte et Volaille where her contributions have been highly appreciated.
- Holds a Masters in Financial Analysis from London Business School.



## TriSpan 2023 New Joiners

### **Andre Bastos – Partner** (*London*)

- Prior to joining TriSpan, Andre's previous role was as head of healthcare and financial services for the European PE team of Caisse de dépôt et placement du Québec, working alongside several of TriSpan's partners.

### **Georges Debbane – Analyst** (*London*)

- Prior to joining TriSpan, Georges spent 3 years as a Senior Consultant in Transaction Services at PWC and did 2 years as a C-level executive in a startup overseeing the finance, accounting and strategy departments.

### **Lisha Jiang – Associate** (*New York*)

- Prior to joining TriSpan, Lisha worked as a Healthcare Investment Banking Associate at Credit Suisse.

### **Nicole Rajic – Analyst** (*New York*)

- Prior to joining TriSpan, Nicole worked at Citi, where she was an analyst on the Tech – Internet Investment Banking Team.

### **Will Webster – Analyst** (*New York*)

- Prior to joining TriSpan, Will worked for WJ Partners, a private equity firm in South Carolina.

### **Ozair Khan – Analyst** (*London*)

- Prior to joining TriSpan, Ozair worked for KPMG, starting in the Corporate Audits team before moving to the Transactions Assurance group.

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