

## PERENNIAL'S PRIVATE TO PUBLIC WELCOME LETTER

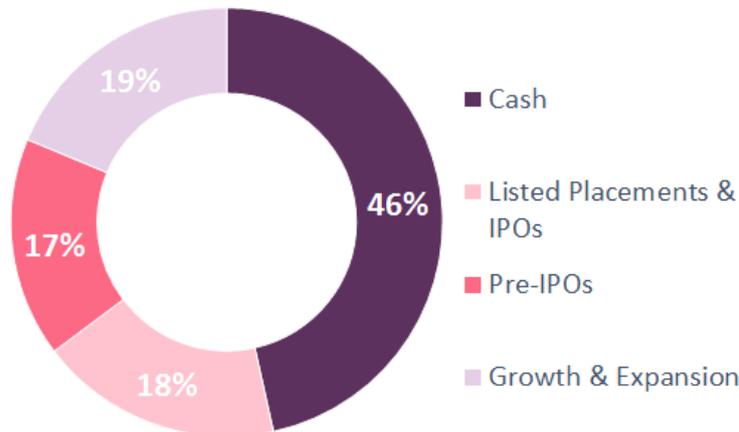


On behalf of Perennial we want to thank you and welcome you as an investor in the Private to Public Opportunities Fund. We are excited to have launched the fund and believe we can take full advantage of our unique position in the market. This letter is the first of our detailed quarterly newsletters that we will share with you going forward to keep you informed of the progress of your investment.

As a reminder, our strategy is broken into three investment buckets:

1. **Unlisted expansion and growth capital (max 30% of fund)**
2. **Pre-IPOs (max 40% of fund)**
3. **Listed placements and IPOs (max 30% of fund)**

### Current Allocation



In the early stages of the fund we don't expect any material contribution to come from the unlisted expansion and growth companies as these positions are held at cost in the fund until a liquidity event (e.g. - a transaction by a third party in the same instrument but at a different price, trade sale or an initial public offer - IPO). While the uplift at the liquidity event can be material it can take several years – so in the meantime we will update you on the progress of our key holdings from a business perspective.

We have been extremely impressed with both the quality and quantity of unlisted companies looking for capital in recent times. Since the launch of the fund we have met with over 75 unlisted companies adding to the over 350 unlisted meetings in the preceding two years. As a result, we have already invested close to 19% of the maximum 30% allotted to this strategy. We believe our unique

proposition in the market is providing high quality companies (with exceptional management) an alternative source of capital to existing strategies in market.

We have managed to add several Pre-IPOs as well, with currently close to 17% of the maximum 40% invested. Most are likely to proceed to IPO in calendar year 2020. We have had one position priced higher after a 3<sup>rd</sup> party transaction post our deal closing. We are engaged in the final due diligence stages on several more positions and thus we would expect this number to grow by our next update.

The third part of our strategy is to be dynamic and active in listed placements and IPOs. We believe this will be a good source of return where we can use the size and scale of our team to be nimble and opportunistic. To date we have participated in fifteen placements, realising six of these. The weighted average return of the realised investments has been 12.5%. Some of these investments are short term trades while others provide a good entry point for longer term growth and expansion – such as SciDev (ASX: SDV) and Rhinomed (ASX: RNO).

Below is a detailed overview of each investment bucket and the specific investments within each.

### Unlisted Expansion and Growth Companies

We have added five companies to this part of the portfolio. We have been following and had active discussions with some of these companies for over 12 months.

#### Equiem



Equiem is the global leader in tenant experience software for the commercial real estate sector. Their platform helps landlords attract and retain occupiers, deliver seamless tenant communication as well as engage onsite retail services such as coffee ordering and dry-cleaning services. Equiem has 10 out of 11 of Australia's largest property developers as customers and has recently launched successfully into the US and UK markets. We believe there is value on two fronts. The first is in the data that Equiem is collecting. The second is in the global roll out – we can see large upside if Equiem can replicate its Australian success in the UK and US markets.

#### Nutricare



Nutricare makes bamboo based and plastic free wound care protection products under the brand name PATCH (this can be found in all Woolworths, Coles and most pharmacies around Australia). We were already invested in Nutricare via our Microcap Fund and decided to lead their second round of investment. Since our initial investment over a year ago the company has exceeded all our expectations. We are providing further expansion capital to help the company continue their rapid growth in all regions including: Australia, US, Europe, Middle East and South Africa. Nutricare is fast becoming a substantial brand in the global wound care market. We have been very impressed with management’s ability to negotiate global deals whilst managing their cost base. The next stage of growth will come from quicker off the shelf velocity – which we will monitor closely.



### Lumitron



Lumitron is an exciting business that develops extremely high-precision, low-dose X-Rays that have broad commercial uses in healthcare, research, defence and industry. The company was born out of the Lawrence Livermore National Laboratory and has had over US\$200m of Research and Development spent to date on the product. We believe the company is on the cusp of very large contracts that will significantly enhance shareholder value.

### Microba



Microba is a microbial genomics company that originated from the University of Queensland. Using this technology and building upon it, Microba is quickly establishing itself as one of the leading technologies in the analysis of the gut microbiome. We had been in discussions with Microba for over 12 months before we decided to invest. We believe there are strong tailwinds in the gut health market and believe the technology that Microba has is far superior to other consumable products in the market. As part of our due diligence we have undertaken the test ourselves and taken the data to several naturopaths – all of whom confirmed our view of the superior data collection piece that Microba is able to collect. The real value in Microba is in the data collection piece. As Microba builds out this data base we believe this will become very valuable to pharmaceutical companies looking to better understand gut health, and diseases attached to this.



### Spriggy



Spriggy is an Australian fintech that helps families manage money with their kids. Spriggy provides a prepaid card for kids and an app that parents and kids (including those in the Andrew Smith household) use together to help teach about earning pocket money, responsible spending and the importance of saving. Spriggy launched in late 2016 and have since scaled rapidly, with over 300,000 members and 10% month-on-month growth. The recent investment round which we participated in will be used to fund a program of growth over the next 24 months. Spriggy’s goal is to convert its existing market leading growth in youth banking to becoming the market leader in payments for Australian families.



## Pre-IPOs

We currently have six investments in the Pre-IPO stage, with five of these being convertible notes (i.e. removing equity valuation risk and market cycle risks). We have been very selective in our investments both in terms of the quality of the company and ensuring they will be IPO ready at the end of the maturity term. We are very cognisant of companies listing too early and part of our strategy is to put terms in place that enable the company enough runway to grow and list at the appropriate time.

One of the more exciting investments at this stage is a company called Spire.

### Spire



Spire is a US based data and predictive analytics company the uses proprietary satellite data and in-house algorithms to provide world leading maritime, aviation and whether tracking information. Unlike many ASX listed and early stage Australian satellite companies Spire has already launched 76 satellites, with over 30 ground stations across 17 countries. We believe Spire will prove to be an excellent IPO, given their CAPEX investment, existing data collection lead and strong revenue to date. Our investment in Spire was through a convertible note structure.



## IPOs and Placement

We view the IPOs and placements as a complementary source of return for the fund whereby we utilise the size and scale of the Perennial team and brand. Some of these are short term trades (we have realised gains from two of these), whilst some provide an attractive entry point for long term growth. Two of these include – SciDev (ASX: SDV) and RhinoMed (ASX: RNO).

### SciDev (ASX: SDV)



We viewed the latest placement at \$0.26 as an attractive entry point for SDV given their recent contract wins and pipeline of opportunities. One of these included a three-year contract win with Iluka for a total contract value of AUD8-12m. Despite the very strong share price reaction since the placement we continue to hold SDV and see further upside from here.

**RhinoMed (ASX: RNO)**

We participated in RNO's placement at \$0.22 and became a substantial holder as a result of this. The funds raised in the placement will be used to support its new product roll out and growth in sales across the US, Europe and Australia. The company has a large market opportunity, particularly in the US and we believe there is enormous upside to our entry point as they continue to expand their store roll out.

Thanks again for your interest in the Fund.

Yours sincerely,



**Andrew Smith**  
*Head of Smaller Companies & Micro Caps*  
Perennial Value



**Ryan Sohn**  
*Deputy Portfolio Manager*  
Perennial Value

Issued by: Perennial Value Management Limited, ABN 22 090 879 904, AFSL: 247293. Trustee: Perennial Investment Management Limited ABN 13 108 747 637, AFSL: 275101. This promotional statement is provided for information purposes only. Accordingly, reliance should not be placed on this promotional statement as the basis for making an investment, financial or other decision. This promotional statement does not take into account your investment objectives, particular needs or financial situation. While every effort has been made to ensure the information in this promotional statement is accurate; its accuracy, reliability or completeness is not guaranteed. Fees indicated reflect the maximum applicable. Contractual arrangements, including any applicable management fee, may be negotiated with certain large investors. Investments in the Fund are now closed. No further applications will be accepted.