



STRAIGHT BAT

PRIVATE EQUITY

GENERATION 1 TRUST

QUARTERLY INVESTOR SCORE CARD

Quarter Ending March 31, 2022

General Update Q3 FY22

It is with pleasure that we present our 7th investor scorecard for Q3 FY22 for the Straight Bat Private Equity Generation 1 Trust (Generation 1 Fund or Fund).

As at 31 March 2022, we have deployed \$55.2m of our \$100m total commitments, including a \$7.2m investment into Toner Plumbing which completed in March 2022.

The Fund has distributed a total return of 6.2% YTD FY22 (including franking credits and after fees) and remains on track to deliver a total return for FY22 greater than ~10%.

We expect to deploy further capital in Q4 2022 with three highly attractive potential investments in exclusive due diligence.

Capital Raising

- We expect the Fund to be fully deployed in the next two quarters.
- Consequently we are preparing for our next capital raise.
- We are raising a \$75m extension to the existing Fund, at the same price of \$1.00/unit, with an aim to invest in an additional 2-3 companies, creating further robust income diversification.
- Once deployed, we will intend to enable new liquidity provisions, allowing investors to buy and sell their units to other approved wholesale investors.
- We expect that The Fund will become open ended, with later opportunities to subscribe for new Units at higher prices.
- We believe this is an exciting opportunity for existing and new investors to invest in an existing portfolio of income generating, mature, robust, medium sized Australian businesses.
- The Fund will be renamed the Perpetual Legacy Fund.

Fund Operations



- We are delighted to announce that Samantha Re will be joining the Straight Bat team in July 2022 as an Operating Director.
- Sam is an exceptionally talented executive with functional and leadership experience in Australia and the UK. She has over 10 years in operational, customer service and strategic roles in the private sectors of Transport & Logistics, Automotive Storage Solutions and Fashion.
- Most recently, she ran a \$70m revenue business with 450 direct reports.

Unless stated otherwise all figures are based on financial year-to-date (YTD) results, 01 July 2021 – 31 March 2022.

*Past performance is not a reliable indicator of future performance.

Target returns are not guaranteed and may be above or below the target range.

Portfolio Update

HPS Tech

HPS is on track with the ProviCo Lactoferrin plant, has commenced the East Coast Beverages juice plant and is upgrading chocolate conches for Mars Confectionary. They have won their first project with Asahi and their first recurring revenue, plant performance management agreement with ProviCo. They have a significant pipeline of major projects in Australia, Europe and NZ.

RPM Hire

RPM is ahead of budgeted revenue, winning smaller projects as the Monash project nears completion. The business has incurred lower margins due to use of cross hired equipment to service additional jobs, due to a shortage of equipment supply.

Toner Plumbing

We welcome Toner Group to the portfolio having acquired a 50% stake for \$7.2m in March 2022. Our preference shareholding entitles the Fund to a 20% p.a. dividend yield for the first two years of the investment.

The Toner Group hold a strong positive outlook for CY22, backed by strong demand in the building industry and established relationships with major customers like Porter Davis and Johns Lyng Group.

Investment Origination

- We continue to see a significant number of businesses that meet our investment criteria and are presently in exclusive due diligence on three exciting opportunities.

#	Business	Revenue	EBITDA	Margin	Status
1	National Insurance Legal Services	\$94.0m	\$16.9m	18%	DD
2	QLD rubber recycling business	\$32.4m	\$8.4m	27%	DD
3	QLD smoke alarm business	\$22.5m	\$12.9m	57%	DD
4	National home furnishings fasteners business	\$16.7m	\$6.7m	40%	Pre-EOI



Managing Partner Quarterly Update

Gen 1 Fund Overview*

Funds Under Management¹

\$100m

Ordinary Units Issued²

\$55.2m

Portfolio Investments³

3

Total Income Return after fees
FY22(E)

~10%

1. Funds Under Management = Ordinary Units + Firm Commitments

2. Ordinary Units is the sum of units issued to fund Capital Invested and to fund Management Fees (2% of Funds Under Management) during the phase of fund deployment.

*As of March 31 2022.

Performance Update Q3 FY22

Dividend Policy

- It is the Fund's policy to distribute income quarterly, in line with portfolio company operations and tax return timings.
- Our approach is for our portfolio businesses to pay a proportion (~80% average) of quarterly distributable profits at the end of each quarter, and then an additional, final top-up (~20% on average) at the end of the financial year.

FY22 Q2 Total Income Returns

- The Fund generated a Cash Return of 1.9% and a Total Income Return including franking credits of 2.1% for the quarter ended March 31, 2022.
- Year to date the Fund has distributed 6.2% Total Income Return YTD FY22 (including franking credits and after fees)
- The Fund remains on track to deliver a forecast Total Income Return of ~10% in FY22.

Portfolio

Asset	Date of Initial Investment	Fund Shareholding	Capital Invested (\$m)	Q3 FY22 Total Income Return (%)	YTD FY22 Total Income Return (%)	Total Income Return after fees, since Investment (%)
HPS Tech	July '20	50.0%	\$25.216	2.1%	6.3%	17.1%
RPM Hire	July '21	38.4%	\$20.259	3.3%	10.6%	10.6%
Toner Plumbing	March '22	50.0%	\$7.200	5.0%	5.0%	5.0%
Capitalised Management Fees			\$2.580	-	-	-
Total			\$55.255	2.1%	6.2%	14.6%

Unit Price	\$
Value at inception	\$1.00
Value as of 31 March 2022	\$1.00

Unless stated otherwise all figures are based on financial year-to-date (YTD) results, 01 July 2021 – 31 March 2022
 Past performance is not a reliable indicator of future performance.
 Target returns are not guaranteed and may be above or below the target range.

Generation 1 Fund Total Income Return after Fees

Q3 Cash Return, after fees ¹

1.9%

Q3 Total Income Return, after fees ²

2.1%

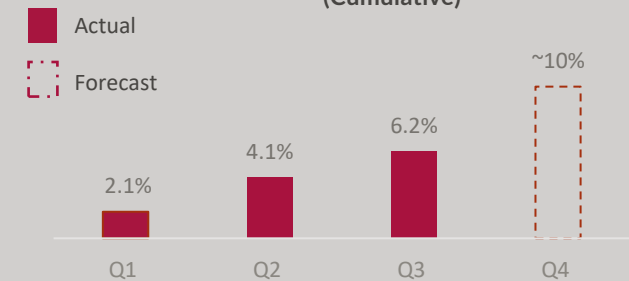
YTD Total Income Return, after fees ²

6.2%

Total Income Return, after fees since Inception

14.6%

Forecast FY22 Total Income Return after fees (Cumulative)



- Cash Return** = Cash distributions after fees / Weighted Average Ordinary Units on Issue throughout the period
- Total Income Return** = (Cash distributions + Franking Credits, after fees) / Weighted Average Ordinary Units on Issue throughout the period

HPS Tech

HPS Tech delivers manufacturing engineering technology to the dairy, beverage and food industries. Specialists in liquid processing, including protein fractionation and chemical recovery.

The business was established in 2009, has c. 30 employees and is based in Geelong, Victoria.

Investment Date

July-20

Sector

Engineering Services

Website

www.hpstech.com.au

Major Contracts and Pipeline

- ProviCo Lactoferrin Plant is on budget and will be completed 6-9 months ahead of schedule, with majority of the equipment orders having been placed and civil works now on the critical path.
- East Coast Beverage Juice Plant commenced in April; project currently on schedule and on budget.
- Mars Confectionary Chocolate Conche Project has commenced and is on schedule and on budget.
- Signed first contract with Asahi to build a CIP set.
- Notified that they will receive first Plant Performance Management contract (recurring revenue) to manage the Lactoferrin Plant at ProviCo
- Actively pursuing opportunities with ChemClean including a plant opportunity with Bega
- \$120m project pipeline of budget estimates and active quote engagement including multiple Australian, European, Middle East and NZ plant opportunities.

General Business

- In Q3, HPS focused on enhancing resourcing and productivity capabilities, which involved an expansion of sales team and a number of new engineering hires
- Moving away from separate Sales/BD/Proposals and Engineering Team to integrated Client Service Teams with shared responsibilities for project execution and identifying future revenue opportunities.

General Business Continued...

- HPS has been driving a number of successful initiatives to recruit new engineering talent, training, core values and work-life balance.
- Recently appointed a new Finance Manager, Greg Minter who is known to the Straight Bat team to improve financial reporting.

Financial Update

- HPS still sits in a strong position on cashflow and unearned revenue, with \$8.5m in cash at bank, placing the business in a strong position.
- The business is on track to deliver \$6.6m EBITDA and ~\$4.7m of NPAT in FY22, which should deliver a ~10% Total Income Return.
- **HPS paid out target dividends in Q3 FY22 and the outlook for the rest of the year remains positive, with much of the earnings underpinned by recent project wins and the ProviCo project proceeding on time and budget.**

HPS (\$m)	FY20	FY21	FY22 (E)	FY23 (F)
Revenue	23.0	18.3	24.9	27.5
EBITDA	8.3	5.9	6.6	9.7
Margin	36%	32%	27%	35%



Capital Invested

\$25.3m

Fund Shareholding

50%

Q3 Cash Return ¹

1.6%

Q3 Total Income Return ²

2.1%

Total Income Return - YTD

6.3%

Total Income Return –
Since Inception

17.1%

1. **Cash Return** = Cash distributions / Weighted Average Ordinary Units on Issue throughout the period
2. **Total Income Return** = (Cash distributions + Franking Credits,) / Weighted Average Ordinary Units on Issue throughout the period

RPM Hire

Established in 2011, based in Keilor Park, Melbourne, RPM Hire provides hire of traffic management equipment, with a premium 'full-service' offering.

Range of products include electronic variable message signs, traffic barriers, lighting and other traffic equipment. They have a leading position in VMS board rental in Victoria, and are rapidly expanding into barrier hire and interstate.

Investment Date

July-21

Sector

Equipment Hire

Website

www.rpmhire.com.au

Business Update

- RPM continues to progress ahead of budgeted revenue, backed by smaller project wins as the Monash project nears completion, however EBITDA continues to be negatively impacted by cross hire expense which continue to persist until certain contracts finish.
- The business is starting to gain more traction in Queensland after a slower start than expected, generating revenue of \$45k in March

Financial Update

- RPM exceeded revenue budget by 6% in Q3, a strong result.
- As the Monash Freeway project approaches completion, RPM continues to win small and medium-sized projects backfilling the revenue line.
- While RPM continues to exceed its sales budget, cross hire expenses driven by delays on equipment delivery continue to hamper the business' gross margins. These costs are expected to persist until the completion of certain projects and delivery of new equipment. Cross hire expenses have forced the business to operate at a ~55% EBITDA margin for most of the year, these are expected to rise back up to normal levels - ~65%, once the delivery of equipment is completed.
- The business paid out target dividends in Q3 FY22 and remains on track to achieve an ambitious FY22 budget, Total Income Return >18%, while facing some COVID related obstacles.

Project Pipeline

- Unfortunately, RPM did not win a large barrier contract in Adelaide. Management advise this is likely due to the 'boots on the ground' presence of the major competitor, Coates, in South Australia.
- The business is participating in tenders for a major project – North East Link and which is estimated to generate ~\$5.0m in EBITDA. This project is expected to use HighwayGuard barrier technology; for which RPM and Straight Bat are in positive discussions with Ingal (supplier) to secure an exclusive supply contract.
- RPM currently has ~\$35 million of tenders outstanding; anticipating a highly positive long-term outlook.

FY22 Q3 (\$m)	Actual	Budget	Variance
Revenue	5.1	4.8	6.2%
EBITDA	2.9	3.0	(3.8%)
FY22 YTD (\$m)	Actual	Budget	Variance
Revenue	15.3	14.1	7.8%
EBITDA	8.5	8.9	(4.3%)
FY22 (\$m)	Estimate	Budget	Variance
Revenue	20.4	19.3	5.7%
EBITDA	11.4	12.2	(6.9%)

RPM
HIRE

Capital Invested

\$20.2m

Fund Shareholding

38.4%

Q3 Cash Return ¹

3.3%

Q3 Total Income Return ²

3.3%

Total Income Return – YTD

10.6%

Total Income Return –
Last 12 Months

10.6%

- Cash Return** = Cash distributions / Weighted Average Ordinary Units on Issue throughout the period
- Total Income Return** = (Cash distributions + Franking Credits,) / Weighted Average Ordinary Units on Issue throughout the period

Unless stated otherwise all figures are based on financial year-to-date (YTD) results, 01 January 2022 – 31 March 2022.

Past performance is not a reliable indicator of future performance.

Target returns are not guaranteed and may be above or below the target range.

Toner Plumbing

Toner Plumbing is a leading Melbourne-based maintenance services provider with particular strength in plumbing and drainage, with a focus on major builders, insurers and property managers.

The business has been operating for over 20 years, has c. 80 employees and is based in Narre Warren, Victoria.

Investment Date

March-22

Sector

Maintenance Services

Website

tonerplumbing.com.au

Transaction Progress

- The Fund completed acquisition of a 50% stake in Toner Group for \$7.2m in March 2022.
- The Fund holds preference shares which includes a preferential 20% p.a. dividend for the first two years of the investment.
- We are privileged to partner with the Toner family, who are highly values-aligned and committed to 'play the long game'.

Business Update

- Toner is making progress on implementing Straight Bat's suggested Continuous Improvement Plan, including engaging a designer to revamp branding, website and logos
- A major focus for Toner is to establish a base in the western suburbs of Melbourne allowing them to take advantage of a very significant amount of available client work, and to improve staff retention
- Toner has just secured a very significant price increases with its major customers, designed to protect the business against potential wage inflation through 2022.

Financial Update

- The Toner Group hold a strong positive outlook for CY22, backed by strong demand in the building industry and established relationships with major customers like Porter Davis and Johns Lyng Group.
- Management have a high degree of confidence that June quarter budget will be achieved
- **The business paid out target dividends to the Gen 1 Fund in Q3 FY22 and has a solid platform for the planned growth with support from the Straight Bat team.**

March-22	Actual	Budget	Variance
Revenue	1.4	1.5	(7.0%)
EBITDA	0.1	0.1	14.0%



Capital Invested

\$7.2m

Fund Shareholding

50%

Q3 Cash Return ¹

3.8%

Q3 Total Income Return ²

5.0%

Total Income Return – YTD

5.0%

Total Income Return –
Last 12 Months

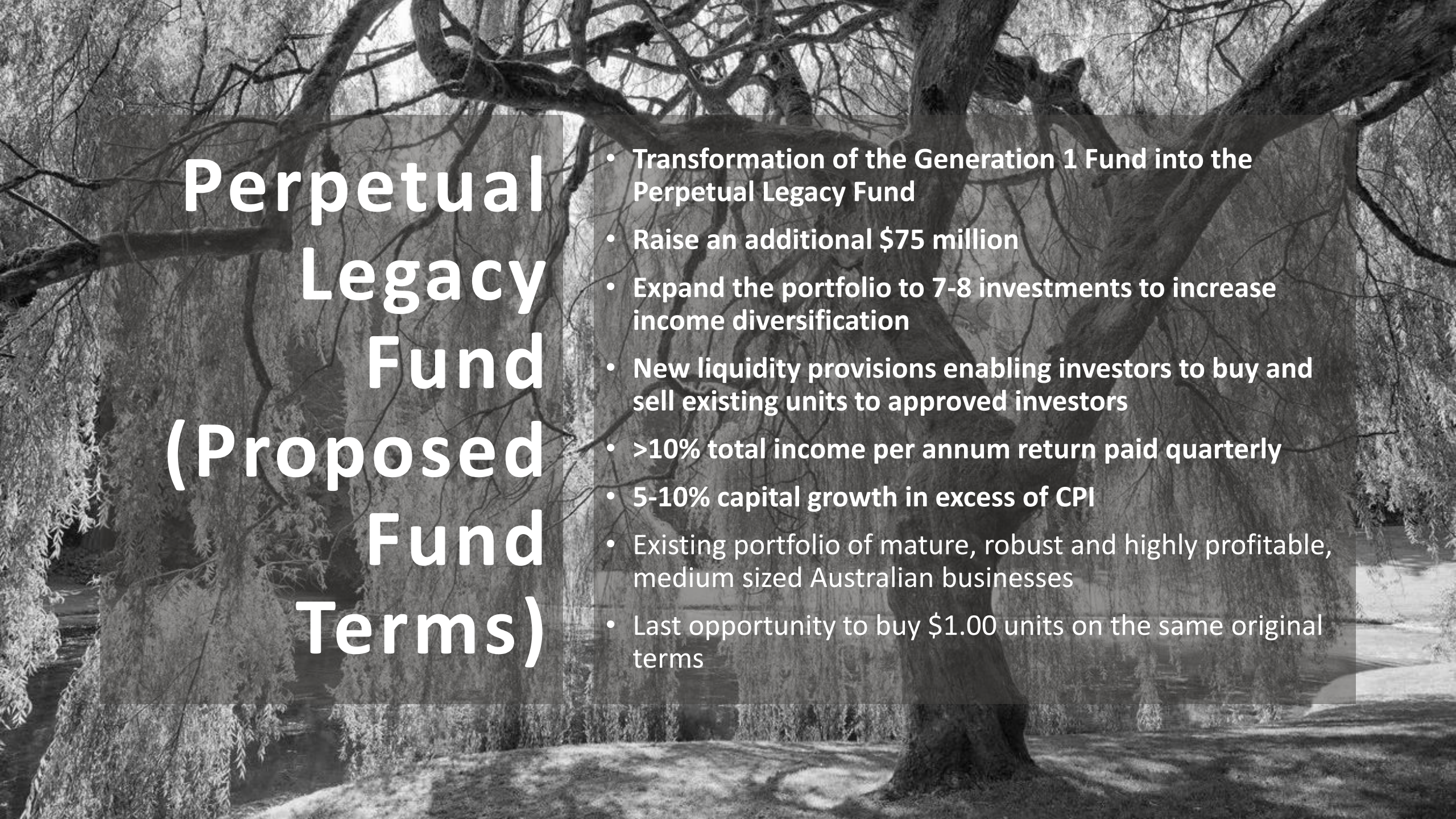
5.0%

Unless stated otherwise all figures are based on financial year-to-date (YTD) results, 01 January 2022 – 31 March 2022.

Past performance is not a reliable indicator of future performance.

Target returns are not guaranteed and may be above or below the target range.

1. **Cash Return** = Cash distributions / Weighted Average Ordinary Units on Issue throughout the period
2. **Total Income Return** = (Cash distributions + Franking Credits, / Weighted Average Ordinary Units on Issue throughout the period



Perpetual Legacy Fund (Proposed Fund Terms)

- Transformation of the Generation 1 Fund into the Perpetual Legacy Fund
- Raise an additional \$75 million
- Expand the portfolio to 7-8 investments to increase income diversification
- New liquidity provisions enabling investors to buy and sell existing units to approved investors
- >10% total income per annum return paid quarterly
- 5-10% capital growth in excess of CPI
- Existing portfolio of mature, robust and highly profitable, medium sized Australian businesses
- Last opportunity to buy \$1.00 units on the same original terms

Key Terms of the Proposed Offer*

Fund Name	Straight Bat Private Equity Perpetual Legacy Trust
Offer	To apply for Firm Commitments to subscribe for Ordinary Units
Fund Extension	\$75 million extension to the Fund formerly known as the Generation 1 Fund
Unit Price	\$1.00 per Unit. This is the same price offered to the existing investors
Investment Manager	Straight Bat Private Equity Pty Ltd
Trustee	Specialised Investment and Lending Corporation Pty Ltd
Administration Manager	SILC Funds Administration Pty Ltd
Investment Objective	To achieve the Target Return by investing in medium-sized Australian businesses
Target Return	Total Income Returns in excess of 10% per annum (before tax); and capital growth in excess of inflation. Cash and franking credits distributed quarterly
Applications for Units	Investors may apply Firm Commitments to subscribe for Ordinary Units when Called by the Trustee. Calls will be made as deals close
Minimum Investment	\$100,000
Initial Close Date	30 June 2022
Subsequent Close Dates	Applications every 90 days after the Initial Close Date until applications for \$75 million have been received

Initial Investment Period	The Manager will seek to fully deploy the Firm Commitments by 30 June 2023
Capital Calls	Firm Commitments will be called in the order Investors make commitments to the Fund, as follows: <ul style="list-style-type: none">Existing Investors will be fully called before Fund Extension InvestorsFund Extension Investors will be called starting with Applications received by the Initial Close DateAfter the Initial Close Date, Investors will be called in tranches by each Subsequent Close Date
Term	The fund is open ended or evergreen
Size of Fund	\$175 million after the Fund Extension, before Ongoing Subscriptions
Ongoing Subscriptions	Later opportunities to subscribe at Unit Prices based on Net Asset Value (NAV). If the investment strategy is successful Unit Prices in future is expected to increase
Fees and Expenses	2% Management Fee of FUM. 20% Performance fee on income and realised capital gains over a minimum 8% with a full catch up by 10%. All fees and expenses for the management and operation of the Fund are included in the Management Fee.
Liquidity Provisions	After the Initial Investment Period, investors will be afforded the right to buy and sell existing units in the fund at a Unit Price based on Net Asset Value (NAV)
Withdrawal Rights	During the Initial Investment Period, Investors may request a withdrawal at the lesser of NAV or the issue price indexed by the Consumer Price Index

This summary has been provided for illustrative purposes only. All terms and conditions contained herein are subject to and will be superseded by the final documentation. Please refer to the Straight Bat Perpetual Legacy Fund's Information Memorandum for further details. This summary is not an offer or solicitation to purchase interests in the Straight Bat Perpetual Legacy Fund. Such interests are only offered pursuant to the terms of the Information Memorandum, which should be reviewed carefully prior to investing. Target returns are not guaranteed, and total returns may be above or below target range.

Photo: Salix Alba Caerulea - cricket bat willow tree plantation

GLOSSARY

1-Page Strategic Plan	An organisational strategy and planning tool that concisely aligns short, medium and long term objectives, creating focus and momentum within a business. Read more about the 1PSP on the News & Articles section of our website or by clicking here
Fund Units	The total value of ordinary units in the fund which reflects Capital Invested and units issued to fund the 2% management fee paid 6 months in advance to Straight Bat to identify, transact and manage investment opportunities
Ordinary Units	The sum of units issued to fund Capital Invested and to fund Management Fees (2% of Funds Under Management) during the phase of fund deployment.
Capital Invested	The amount of money the Fund has invested in a portfolio company
Capital Value	The current value of the Fund's shareholdings
Cash Return	Cash Return is the total of cash distributed as a percentage of the fully paid units invested, after deducting Straight Bat performance fees.
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
Fund Shareholding	The Fund's equity ownership interest in a portfolio company, represented as a percentage
Funds Under Management	The amount of money committed to the Fund. This is comprised of both 'Ordinary Units' and 'Firm Commitments' and is subject to management fees payable to Straight Bat
Total Income Return	Total Income Return is the total of cash and franking credits distributed as a percentage of the ordinary units invested, after deducting Straight Bat performance fees.
YTD	Year to date

DISCLAIMER: This Quarterly Investor Scorecard has been prepared by Straight Bat Private Equity Pty Ltd ACN 149 520 918 (Investment Manager), a corporate authorised representative (number 1280685) of Specialised Investment and Lending Corporation Pty Ltd ACN 149 520 918 (AFS licence number 407100) with Specialised Investment and Lending Corporation Pty Ltd ACN 149 520 918 (AFS licence number 407100) acting as Trustee. The authority of the Investment Manager is limited to general advice and deal by arranging services to wholesale clients relating to the Straight Bat Private Equity Generation 1 Trust (Fund) only.

This document is designed solely for information purposes for investors of the Fund. This Quarterly Investor Scorecard and any attachment is confidential and for the use of the intended recipient(s) only. If you are not the intended recipient, any use, interference with, disclosure or copying of this material is unauthorised and prohibited. This Quarterly Investor Scorecard and any attachment are also subject to copyright. No part of it can be reproduced, adapted or communicated without the written consent of the Investment Manager. If you have received this email in error, please notify the sender by return email immediately and delete both messages from your system without making copies. Whilst the Quarterly Investor Scorecard has been prepared with all reasonable care from sources the Investment Manager or the Investment Manager believes to be reliable, no responsibility or liability is accepted by the Investment Manager or the trustee of the Fund for any errors or omissions or misstatements howsoever caused. No representation or warranty is made that any past performance and/or forward-looking statement contained in this Quarterly Investor Scorecard should or will be achieved.



PLAY THE LONG GAME