

Bailador Technology Investments [ASX:BTI] Shareholder Update

About Bailador

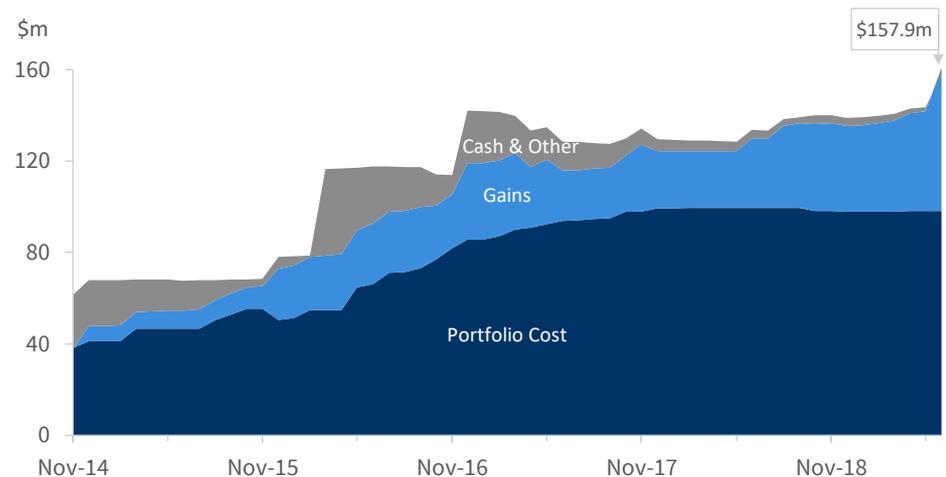
Bailador Technology Investments is a growth capital fund focused on the information technology sector, actively managed by an experienced team with demonstrated sector expertise.

Bailador provides exposure to a portfolio of information technology companies with global addressable markets. We invest in private technology companies at the expansion stage.

Net Tangible Asset Snapshot

	Current month
NTA per share pre-tax	\$1.31
NTA per share post-tax	\$1.21

Net Tangible Asset Breakdown Since Inception



Founders' Commentary

- SiteMinder valuation up 30.4% over prior year to \$72.9m
- DocsCorp valuation up 19.3% over prior year to \$10.9m
- Straker Translations valuation up 25.7% over prior year to \$12.6m
- BTI financial year-end net tangible asset (NTA) per share up 18.2% over prior year to \$1.31¹

Upward revaluations to SiteMinder, DocsCorp and Straker Translations

Bailador's largest investment, SiteMinder, has been revalued upwards as at 30 June 2019 with a 30.4% increase to \$72.9m. It has been one year since Bailador's position in SiteMinder was last revalued. The strong performance of SiteMinder in breaking through \$100m in annual recurring revenue was discussed in last month's BTI NTA Statement, as was its conservative valuation relative to its peers. The revised valuation of SiteMinder remains conservative relative to its peer group.

With a very large "greenfield" addressable market opportunity and a big lead over its competitors, we believe SiteMinder is well positioned for further growth. We are also encouraged by the [recent comments from SiteMinder CEO, Sankar Narayan](#), who stated: "We're seeing strong revenue growth rates and our expectation is that in three years we'll double revenue."

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Also revalued as at 30 June 2019 is Bailador's position in DocsCorp, with an increase of 19.3% to \$10.9m. DocsCorp is a substantial business which has demonstrated consistent growth and continued leadership in the market for document productivity software used by legal and accounting professionals.

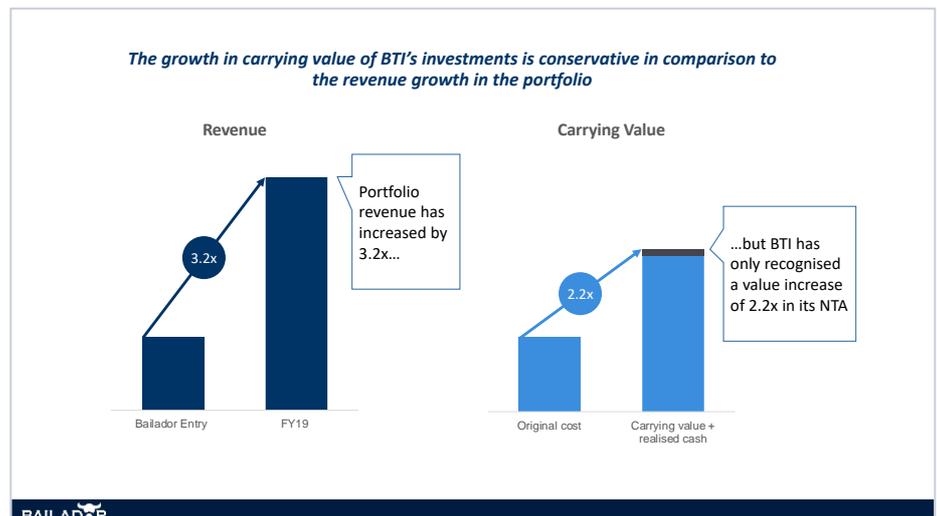
Viostream was also reviewed as at 30 June 2019 as scheduled, with the valuation held constant.

Straker Translations, which listed on the ASX in October 2018, was up 25.7% on our valuation in the prior year to \$1.705 per share as at 30 June 2019. The Company posted a strong FY19 result in May 2019, beating its prospectus forecasts including FY19 revenue growth of 44% (vs forecast of 38%).

Strong portfolio performance with conservative approach to valuations

While SiteMinder, DocsCorp and Straker Translations were all significant revaluations as at 30 June 2019, we are particularly happy that there are multiple drivers of growth across the portfolio. Seven of the ten portfolio investments were revalued upwards during the year.

The chart below shows the uplift in revenue for the Bailador portfolio since investment, compared to the uplift in valuation.



Revenue of the ten underlying BTI portfolio companies has increased by a multiple of 3.2x since initial investment by Bailador. This is a clear indicator of the strong performance of the underlying portfolio businesses.

BTI carrying value is up by a multiple of 2.2x since initial investment by Bailador. The fact that valuations have been marked up by less than the underlying revenue growth is an indication of the conservative valuation approach taken by Bailador.

It suggests that there is potential for cash realisations greater than the published NTA. This is supported by the three partial realisations achieved by Bailador to date, which have all been above the published valuation for those investments.

Year-end process

All of the Bailador portfolio company valuations undertaken during the financial year are cross checked through our year-end reporting process. This includes:

1. A detailed valuation of each portfolio company prepared by the Manager (while a valuation review is done for all portfolio companies, a portfolio company is not considered to be due for valuation adjustment unless it has been twelve months since a third-party transaction or revaluation).
2. An independent expert is engaged to prepare an indicative valuation review of each portfolio company. BDO has prepared this review.

3. The BTI board of directors assesses portfolio valuations, taking into account the detailed analysis of the Manager and of the independent expert, as well as any other specific relevant information.
4. BTI's auditor, Hall Chadwick reviews all materials as part of their audit².

The NTA as at 30th June 2019 is at a level which exceeds the performance fee hurdle of 8% pa compound return since listing on the ASX. Accordingly, a provision for performance fee has been included in calculating the NTA, however performance fee will only be paid from cash realisations of portfolio investments.

Conclusion

The tremendous amount of hard work and dedication of our portfolio company management teams, as well as our own investment team, has delivered a strong result for the Bailador portfolio and our investors in 2019. We are pleased with the positioning of the portfolio as we move further into a phase of realisations, supported by the continued positive forces driving strong growth in global software sector revenues, in particular for B2B SaaS companies, as highlighted in our recent [Industry Update](#).

David Kirk & Paul Wilson
Bailador Co-Founders

¹Net tangible asset valuation per share of BTI.ASX on a pre-tax basis.

²The numbers in this report are unaudited. Audited numbers will be available following completion of the audit process and presented in the Company's Statutory Financial Statements to be released in August 2019.

Investment Focus

Bailador typically invests \$3-5m in businesses within the technology sector that are seeking growth stage investment.

Companies we invest in typically share the following characteristics:

- Run by the Founders
- Two to six years in operation
- Proven business model with attractive unit economics
- International revenue generation
- Huge market opportunity
- Ability to generate repeat revenue

Important verticals we seek to invest in within the technology sector include: SaaS and other subscription-based internet businesses, online marketplaces, software, eCommerce, high value data, online education, telecommunication applications and services.

Highlights

SiteMinder **SiteMinder**

SiteMinder has [partnered with China's leading e-commerce platform for services, Meituan](#). This is Meituan's first partnership with a hotel distribution technology provider as it looks to expand its hotel inventory globally.

SiteMinder has also [partnered with Charme & Caractère Hôtels](#), a leading network of hotel owners across more than 80 countries. Members can now connect to the SiteMinder platform within their property management system.

SiteMinder featured in two video interviews this month. Co-Founder and CEO [Mike Ford spoke about building the global business](#) that now has more than \$100m ARR, and James Bishop, Director of Global Demand Partnerships at SiteMinder, [spoke about the future of hotel distribution](#).



Straker Translations [ASX:STG]

It was a big month for Straker Translations as it [released its annual report to the ASX](#) and announced another acquisition as part of its continued European expansion. It has [acquired Spanish translation firm On-Global](#), which has 14 staff and NZ\$3 million in revenue.

DocsCorp **DocsCorp**

Bailador revalued DocsCorp up by 19% in June to reflect the continued progress the business made in FY2019. Booked revenue grew 21% with management placing particular focus on growing the company's recurring revenue mix which now makes up 70% of total revenue. The business is profitable, cash generating and positioned very well to continue its growth in FY2020.

DocsCorp also revealed a [new integration with the SeeUnity platform Echo](#). Its users can now benefit from an extra layer of security thanks to DocsCorp's cleanDocs, which will quickly clean sensitive metadata from documents and give the option to convert them to secure PDFs.



Lendi

[Borrower activity on the Lendi platform doubled](#) within 24 hours of the RBA's June announcement on interest rates, CEO David Hyman told the Daily Telegraph. He also discussed open banking legislation [the Australian Financial Review](#).



Bailador Technology Investments

Bailador co-founder [David Kirk updated CommSec's Tom Piotrowski on recent successes in the BTI portfolio](#), including major financial milestones achieved by SiteMinder and Straker Translations, and his views on the premium valuations of comparable Australian tech companies.

David also featured in [the Australian Financial Review](#) where he discussed how the substantial opportunities in the technology sector must be balanced by a measured approach to investing.

BTI Portfolio Net Tangible Asset Summary

	Valuation (\$'m)	Gain (%)		NTA per share (\$)	Third Party Event Valuation	Next Valuation Review ¹
SiteMinder	72.9	427%	▲	0.61		June 2020
Instaclustr	14.6	225%	▲	0.12	✓	August 2019
Straker Translations	12.6	101%	▲	0.11	✓	Mark to market each month end
Stackla	12.6	13%	▲	0.10	✓	October 2019
DocsCorp	10.9	119%	▲	0.09		June 2020
Lendi	10.7	112%	▲	0.09	✓	November 2019
SMI	9.6	30%	▲	0.08		March 2020
Viostream	7.8	-72%	▼	0.06		June 2020
Rezdy	5.9	64%	▲	0.05		February 2020
Brosa	3.0	0%	▶	0.02	✓	October 2019
Cash	1.4			0.01		
Other ²	-4.2			-0.03		
Net Asset Value / Net Asset Value Per Share (Pre Tax)	157.9			1.31		

Denotes change to valuation in current month

Denotes valuation review in next six months

¹ Next valuation review date refers to the period 12 months since the last valuation movement. Valuation events can also occur in a shorter time frame where there is a third-party investment

² Includes Performance Fee accrual

Please Note

Figures in this report are unaudited and exclude tax.

The current value for each investment in the table above is consistent with the BTI investment valuation policy, which may be found in the BTI prospectus lodged with ASIC on 3rd October 2014 and available on the ASX website.

Portfolio Company Details



Name:	SiteMinder	Instaclustr	Straker Translations	Stackla	DocsCorp
Type:	SaaS/B2B	DBaaS/B2B	Marketplace/Machine Learning	SaaS/B2B/UGC	SaaS/Document Productivity
About:	World leader in hotel channel management and distribution solutions for online accommodation bookings	Open source data platform for cloud-based solutions that require immense scale	Digital language translation services provider and one of the world's fastest growing translation companies	Leading tech platform for brands to leverage User Generated Content (UGC) in their marketing strategy	Global leader in the rapidly growing Document Productivity segment
HQ:	Sydney	Canberra	Auckland	San Francisco	Sydney
Staff:	600-650	50-100	100- 150	50-100	100-150



Name:	Lendi	SMI	Viostream	Rezdy	Brosa
Type:	Fintech	SaaS/Big Data	SaaS/Video	SaaS	Online Retail/B2C
About:	Australia's #1 home loan provider disrupting the multi-billion-dollar mortgage industry	Big data aggregation and analysis platform with exclusive access to ad expenditure data	Cloud-based end-to-end platform for the creation, management and distribution of video	Leading, innovative and fast growing online channel manager and booking software platform for tours & activities	Tech-led, vertically integrated furniture brand and online retailer
HQ:	Sydney	New York	Sydney	Sydney	Melbourne
Staff:	400-450	1-50	1-50	50-100	1-50

Important Notice

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