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Direct Lenders on a path to disruption with gorilla deals

Deloitte Alternative Lender Tracker Spring 2019

Financial Advisory

This issue covers data for the fourth quarter of 2018 and includes 98 Alternative Lender deals for the quarter, representing an increase of 9% in deal flow on a last 12 months basis in comparison with the previous year.

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Deloitte Alternative Lender Deal Tracker Introduction

In this twenty-first edition of the Deloitte Alternative Lender Deal Tracker, we report that in the 12 months to the end of the fourth quarter 2018, there was a solid 9% increase in Alternative Lending deals compared to the previous year. Our report covers 67 major Alternative Lenders with whom Deloitte is tracking deals across Europe.

The current global economic and political environment remains at a crossroads. With several issues still to be resolved, the increased clarity we had hoped for in our previous edition of the Alternative Lender Deal Tracker has not been forthcoming. One element that is clear however is that growth is slowing in the major markets and unsurprisingly, the view in financial markets now is that interest rates in the US, the UK and the Euro area will likely stay on hold through the remainder of this year.

Having increased interest rates four times in 2018 and issued guidance of two further rises in 2019, the US Federal Reserve made a surprise U turn in February deciding to put rates on ice at 2.5% citing risks to global economic growth and trade tension with China, with the decision remaining the same in March.

Completing the hat trick was The Bank of England (BOE), who pulled back from its own plans to increase interest rates, also citing a weaker global backdrop and the impact of Brexit. In addition, the BOE cut its UK growth forecast from 1.7% to 1.2%, on the back of four consecutive quarters of declining growth in 2018, culminating in the lowest recorded annual growth rate since the financial crisis of 2009. Unexpectedly, 2018 marked a 1% decline in exports, whilst imports were 1.7% higher, indicating that despite sterling's weakness since the Leave vote, businesses have not used additional competitiveness to increase capacity and exports.

However, despite a unified set of central bank policy, the reality is that each one of these economies face a very different set of circumstances. Despite its ongoing trade wars, the sense is that the US is much better placed to counter a downturn than the euro area.

The euro area slowdown kicked in without the ECB even having tightened monetary policy. That is worrying, not least because it means that the ECB is facing a downturn with interest rates at zero. The UK, at 0.75%, has some wiggle room, but at 2.5% the US has plenty of headroom to lower interest rates.

In addition, the Fed can quietly ease policy by slowing the pace at which it sells assets. For context, the Fed is the only central bank that is unwinding QE, selling assets acquired during the period of extraordinary monetary ease. Slowing or stopping the pace of US quantitative tightening is a

Increase in deal flow year-on-year

2018 deals completed

subtle form of monetary loosening that is available to the Fed, but not to the ECB and the BOE, who have merely stopped the net purchase of assets.

Turning to the capital markets, this negative sentiment has not affected movements in equities – merely the opposite. After a dreadful end to the year, global equity markets got off to a flying start in 2019. As of the end of February, the US S&P 500 index is up by 10% so far this year, having fallen by 16% in the first three weeks of December. The FTSE is up 7%. Though respectively, these markets remain down 4.5% and 10% from 2018 highs. In the loan markets, a burst of new issuance hit the European leveraged loan market in February, with €8.7bn of volume launched in the three weeks to 22nd February, topping the issuance recorded in the whole months of both December and January.

Leveraged finance in particular has received a lot of attention of late. Following the release of minutes from various committee meetings held by the Fed, BoE and IMF, all major broadsheets have devoted time to the topic, having recently issued warnings and cautionary tales in various guises, in particular drawing parallels to the growth of sub-prime mortgages in 2006 that triggered the global financial crisis. But are the risks fully understood? The facts are unavoidable - the amount of outstanding leveraged loans tracked by S&P in the US & Europe has doubled from its peak of roughly €570bn before the financial crisis, to almost $1.2tn. For a third of the loans issued last year, borrowers' debt exceeded six times cash flow, while four-fifths of the market is now "covenant light". This is a trend that has continued to trickle down into the Direct Lending markets, with a recent study conducted by Proskaur highlighting that 62% of private credit loans benefitted from just a single leverage covenant (typically with 30–35% headroom) in 2018. Additionally, the percentage of private credit deals with EBITDA cures in Europe doubled to 25% in the same period.

That said, looking back over history, the annualised default rate for leveraged loans was 3.5% between 2007-2012, with a 70% average recovery on defaulted loans. The highest default was 10.45% in November 2009. Those data prints don't feel as if they could trigger bloodshed in the markets, however recoveries are likely to be lower in this cycle as creditors' rights are impaired by lack of covenants. But the difference for the mid-market is that the market looks somewhat different to how it did in 2007, with an abundance of Direct Lenders providing a large part of this liquidity. It has been argued that rather than increasing systemic risk, Direct Lending funds participating in the leveraged loan market can provide a countercyclical defence against market extremes. In short, according to the Wharton School at the University of Pennsylvania, Private debt funds are structured and incentivised to provide the economy with a countercyclical source of credit, and continue to provide credit at a time when banks are pulling back, which helps to smooth the credit cycle and make economic downturns both less prolonged and less severe.

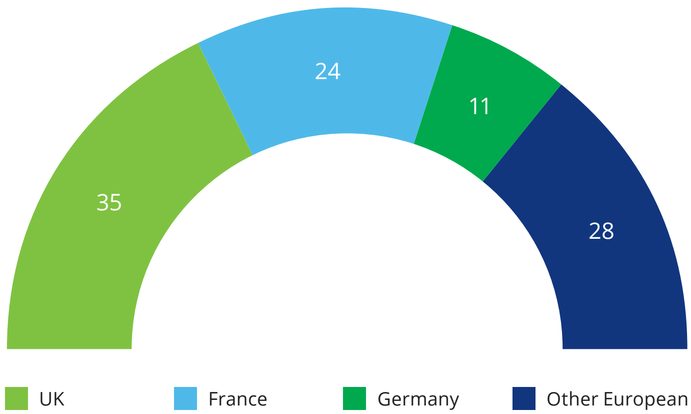
Moving away from the hypothetical, one trend previously anticipated in the Alternative Lender Deal Tracker that is becoming more and more of a recurring theme in the leveraged loan market is that of an ever-increasing number of traditional syndicated loan credits now opting for the direct-lender route. As pricing continues to fall, and managers continue raising ever larger funds, it is inevitable that this form of

After a dreadful end to the year, global equity markets got off to a flying start in 2019. As of the end of February, the US S&P 500 index is up by 10% so far this year, having fallen by 16% in the first three weeks of December. The FTSE is up 7%.

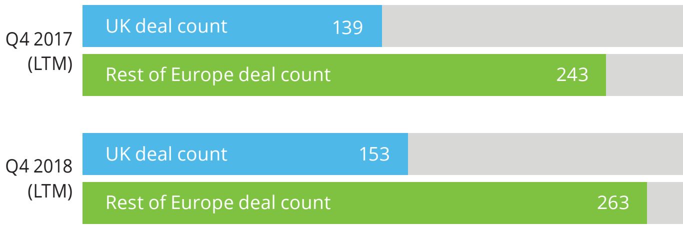
finance will continue to nibble at the heels of the high yield and syndicated loan markets. In January, Ares Management completed a £1 billion refinancing for software services business Daisy Group, the largest debt fund deal executed in Europe, and potentially one of the largest globally. But what's the context? In July 2018, Ares raised €6.5bn for its fourth European Direct Lending fund, exceeding its initial target of €4.5bn by ~45%. Whilst an already staggering amount of firepower (16x the average European CLO) Ares expects to have ~€10bn to deploy in total once leverage is included. Other examples of managers keen to get in on the action include BlueBay, currently in market with a €6bn raise, and ICG, also rumoured to be in market with a landmark fund.

So the private debt industry as a whole continues it's march into the liquid syndicated market. Indeed, surveys show that the asset class as a whole is forecast to hit $1.4 trillion globally by 2023, passing real estate in becoming the third-largest alternative investment asset class after hedge funds and private equity. So where next for the private debt market? With size comes infrastructure, and it can't be long before we see funds adopting a bank style model, hiring portfolio, investor relationship teams and potentially even restructuring expertise in case there is a downturn.

Q4 2018 deals completed



Q4 headline figures (last 12 months)



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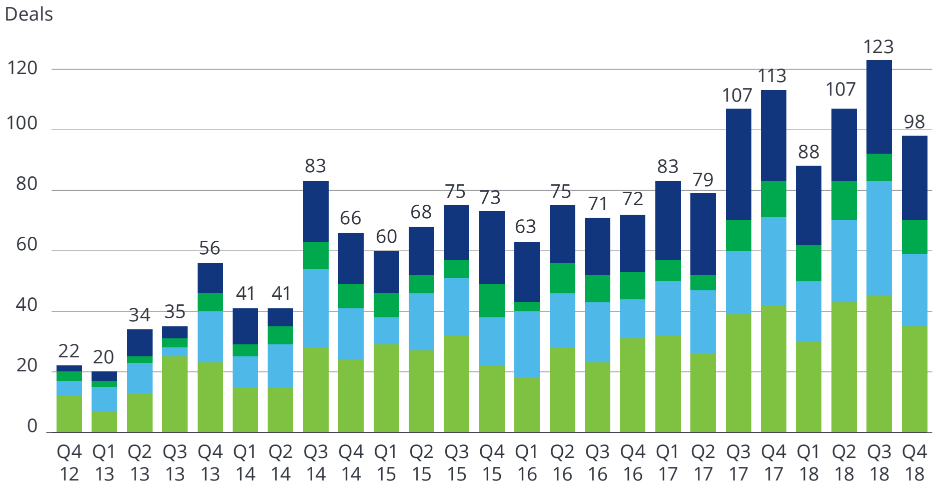
Borrowers: Access Direct Lending to power growth
Businesses rely on access to growth capital, yet due to risk appetite and stringent regulation, banks are more constrained. Bringing in alternative and flexible capital allows companies to grow, yet the market can be overwhelming with numerous complex loan options offered to borrowers. Direct Lenders can offer effective rates with little or no equity dilution of your business, enabling businesses to make acquisitions, refinance bank lenders, consolidate the shareholder base, and grow activities.
To read more, turn to our Direct Lending guide on page 28.

Alternative Lender Deal Tracker Q4 2018 Deals

The Alternative Lender Deal Tracker now covers 67 lenders and a reported 1753 deals

Alternative Lender Deal Tracker

Currently covers 67 leading Alternative Lenders. Only UK and European deals are included in the survey.



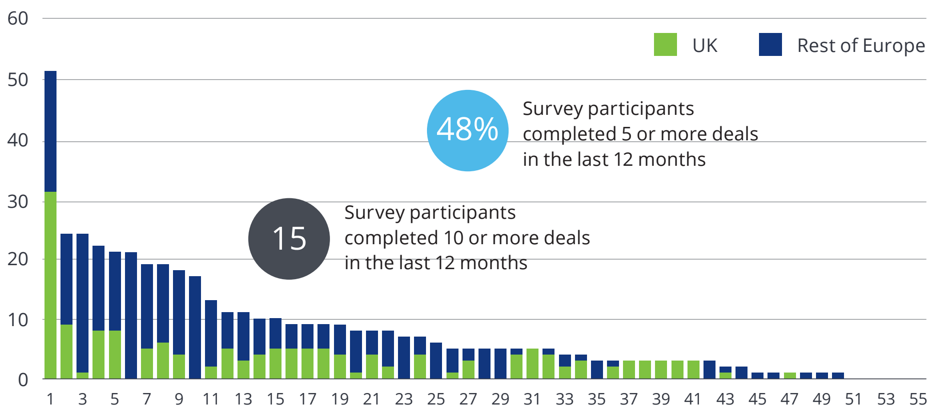
Data in the Alternative Lender Deal Tracker is retrospectively updated for any new participants

664 UK deals completed

1089 Euro deals completed

1753 Total deals completed

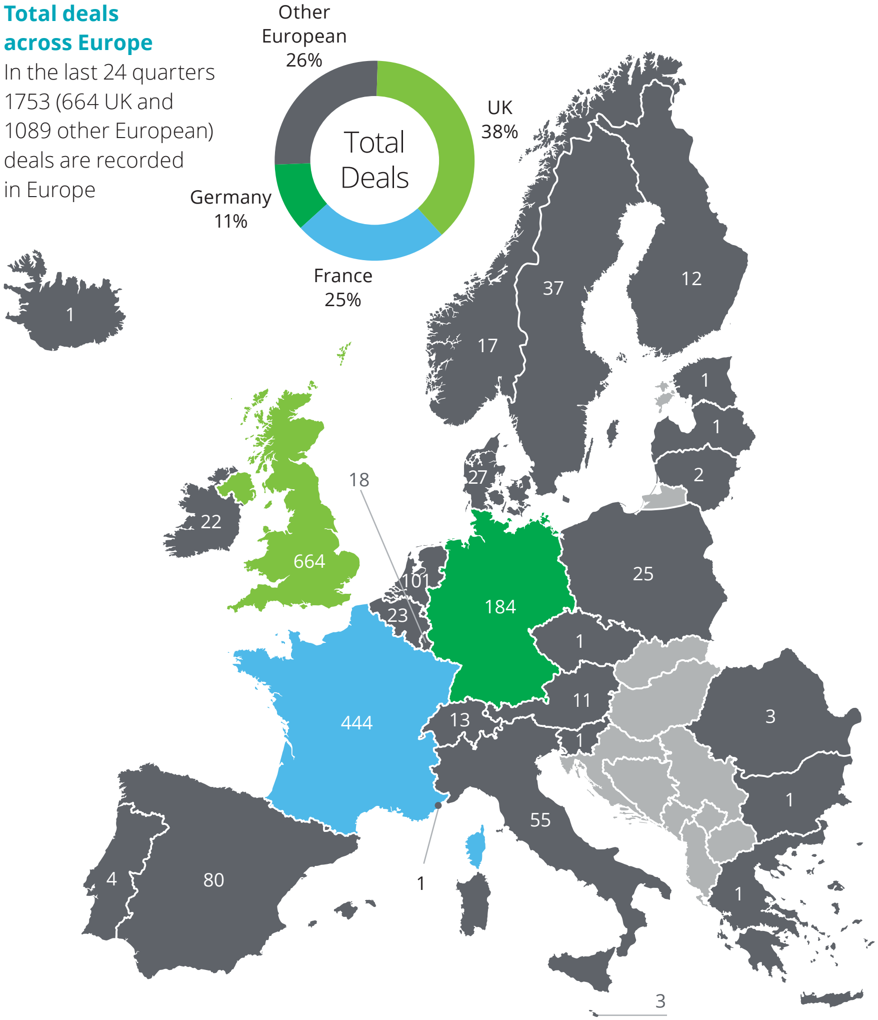
Deals done by each survey participant (Last 12 months)



Direct Lenders increasingly diversifying geographies

Total deals across Europe

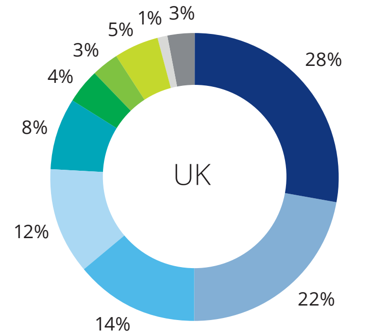
In the last 24 quarters 1753 (664 UK and 1089 other European) deals are recorded in Europe



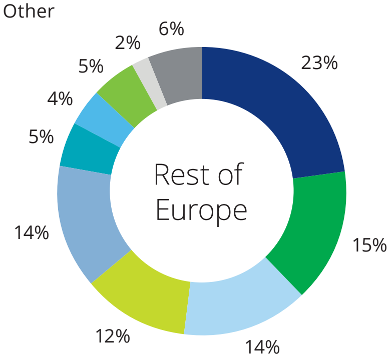
UK | France | Germany | Other European

Total deals across industries (Last 12 months)

Within the UK the Business, Infrastructure & Professional Services industry has been the dominant user of Alternative Lending with 28% followed by TMT with 22%.



- Business, Infrastructure & Professional Services
- Technology, Media & Telecommunications
- Financial Services
- Healthcare & Life Sciences
- Leisure
- Manufacturing
- Retail
- Consumer Goods
- Human Capital
- Other

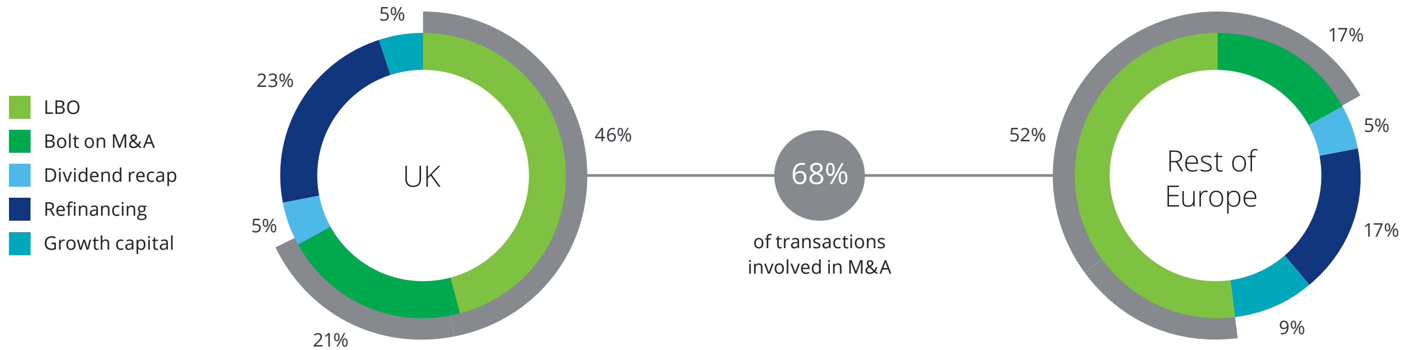


In the rest of Europe there are 5 main industries: Business, Infrastructure & Professional Services, Manufacturing, TMT, Healthcare & Life Sciences and Consumer Goods.

M&A activity still the key driver for Direct Lending deals

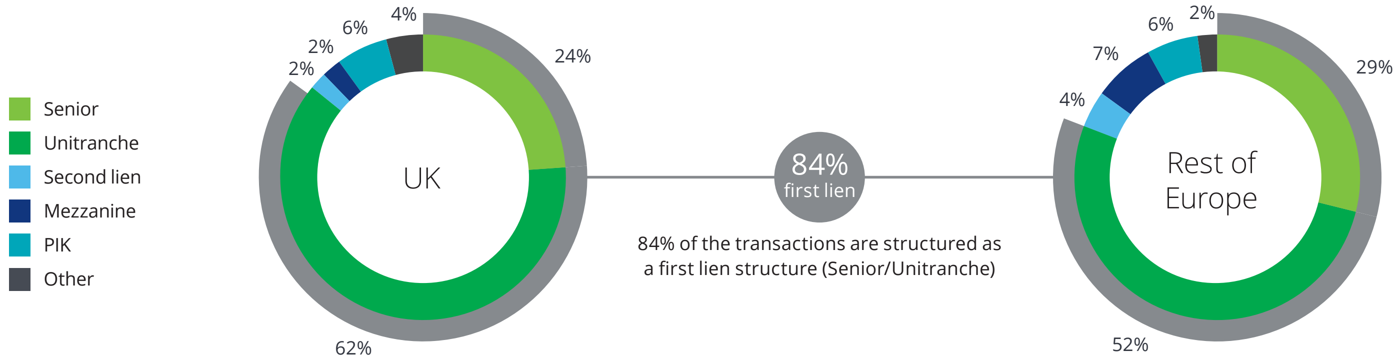
Deal purpose (Last 12 months)

The majority of the deals are M&A related, with 68% of the UK and Euro deals being used to fund a buy out. Of the 416 deals in the last 12 months, 78 deals did not involve a private equity sponsor.



Structures (Last 12 months)

Unitranche is the dominant structure, with 62% of UK transactions and 52% of European transactions. Subordinate structures represent only 16% of the transactions.



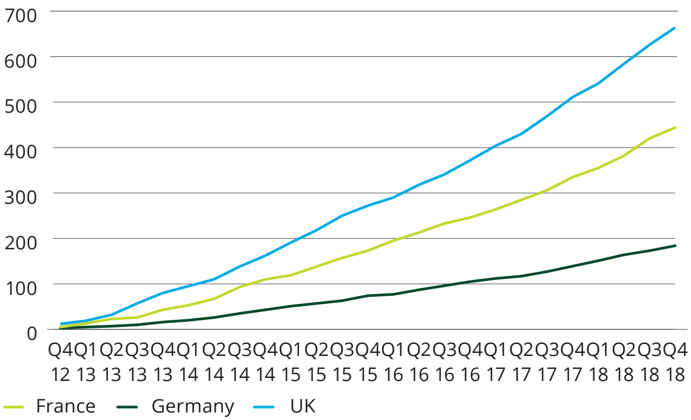
*For the purpose of the deal tracker, we classify senior only deals with pricing L + 650bps or above as unitranche. Pricing below this hurdle is classified as senior debt.

The UK still leading as the main source of deal volume for Direct Lenders in Europe

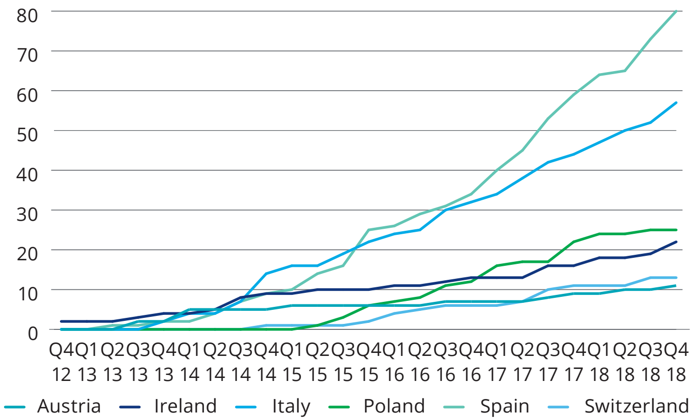
Cumulative number of deals per country

The number of deals is increasing at different rates in various European countries. The graphs below show countries which as of Q4 2018 have completed 5 or more deals.

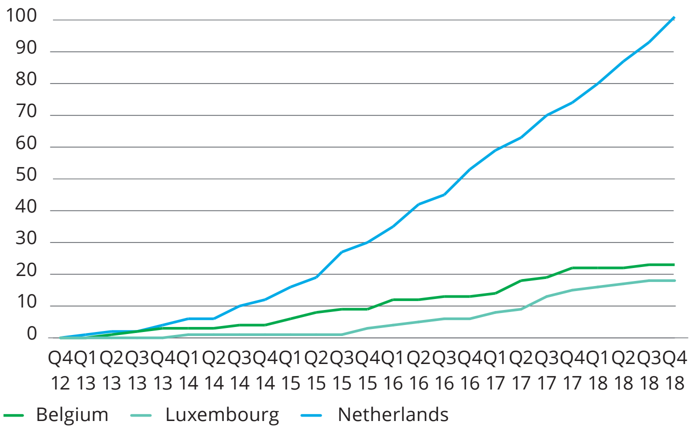
Largest geographic markets for Alternative Lenders



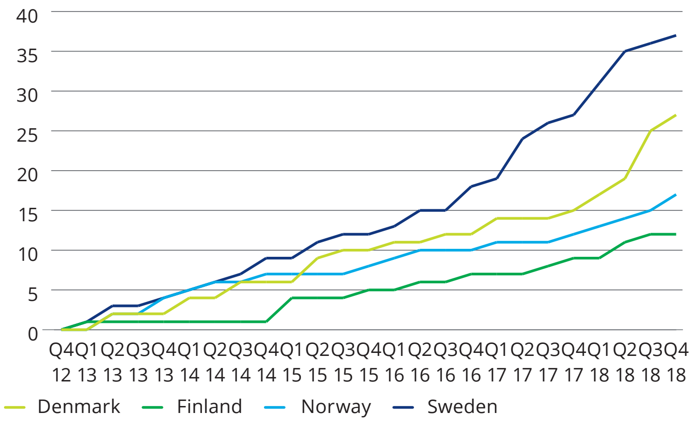
Other European



Benelux



Nordics

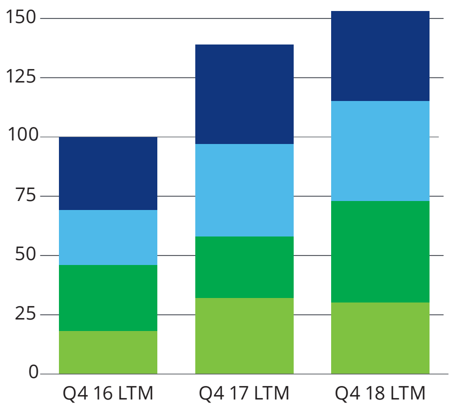


Direct Lending is growing in the main European markets

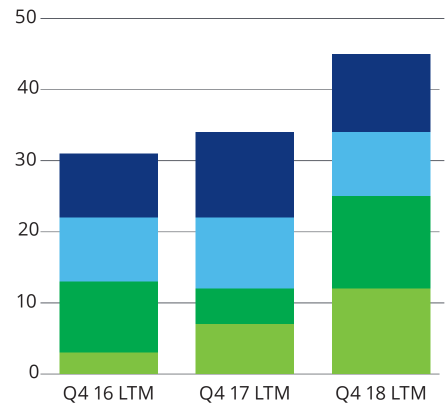
Comparison of deals for the last three years on a LTM basis for selected European countries

On average, over time the number of deals is increasing with positive CAGR between 2015 and 2018 in all of the countries shown below.

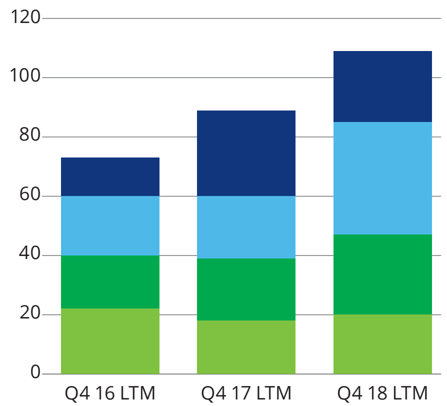
UK



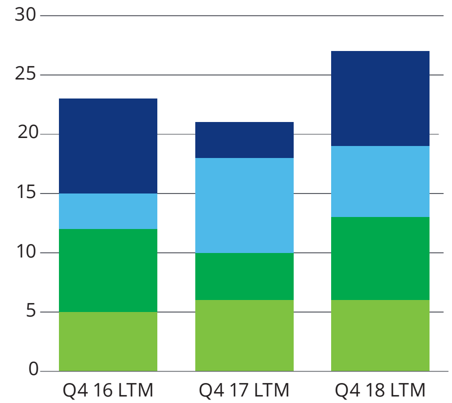
Germany



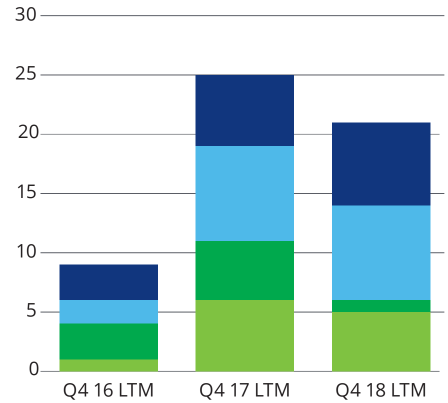
France



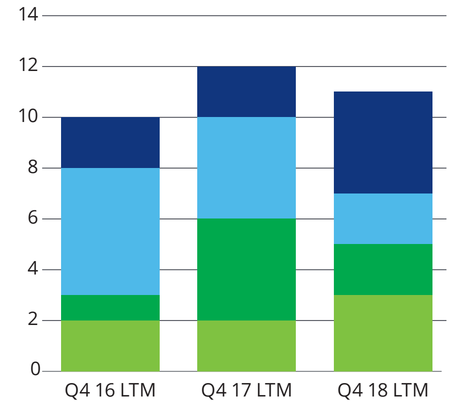
Netherlands



Spain



Italy

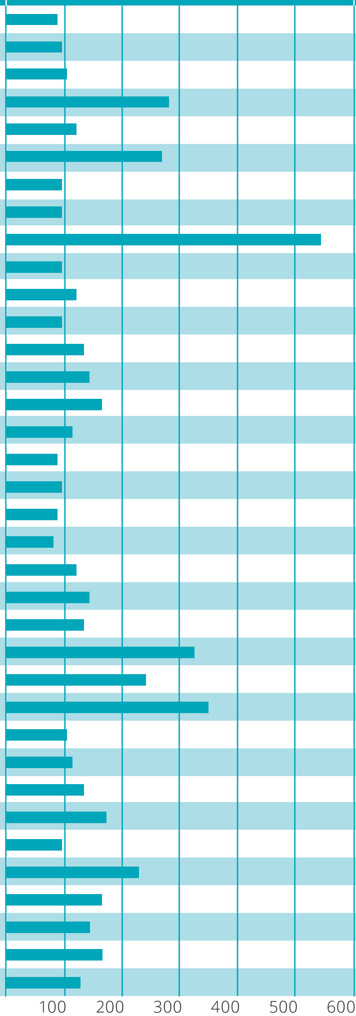


Q1 Q2 Q3 Q4

Which landmark unitranche deals have been completed?

Selected Landmark Unitranche Deals (>€90m)

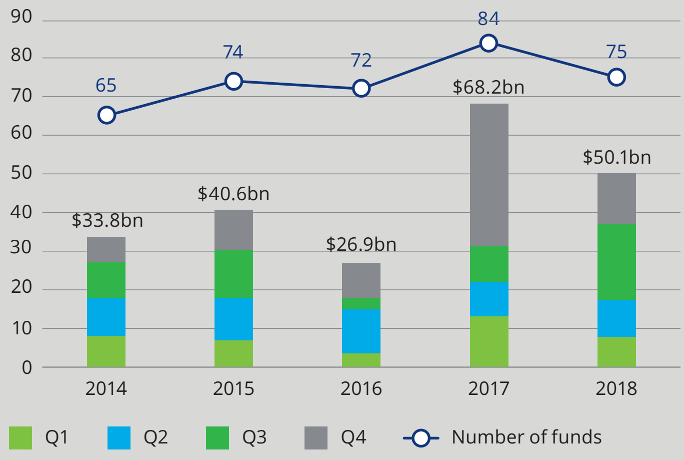
Borrower	Country	Unitranche in €m	Lenders	Sponsor	Date
HTL	France		Bluebay, Idinvest, Barings	✓	Dec-18
Coyote	France		Tikehau Capital	✓	Dec-18
Deltatre	UK		Permira Debt Managers	✓	Nov-18
Medifox	Germany		Ardian, EQT	✓	Oct-18
Link Mobility	Norway		Barings, ICG	✓	Sep-18
Ipsen	Germany		Barings	✓	Sep-18
HTL	France		Barings, Bluebay, Bridgepoint Credit, Idinvest	✓	Sep-18
HSS Hire	UK		HPS	–	Sep-18
FNZ	UK		HPS	✓	Sep-18
Getronics	Netherlands		Permira Debt Managers	–	Sep-18
Besson Chaussures	France		Apera, Idinvest	✓	Sep-18
Remade in France	France		Idinvest, LGT European Capital	✓	Sep-18
Technicis	France		Idinvest, Barings	✓	Sep-18
Maincare	France		LGT European Capital	✓	Sep-18
TransIP	Netherlands		Ares	–	Sep-18
Wireless Logic	UK		Ares	✓	Sep-18
ParkingEye	UK		Ares	✓	Sep-18
Southern Communication	UK		Ares	✓	Sep-18
Dennis Publishing	UK		Apollo	✓	Sep-18
Cipres Vie	France		Alcentra	✓	Sep-18
Portman Healthcare	UK		Alcentra	✓	Sep-18
Mobility Holdings	Germany		Ardian	✓	Sep-18
IT Relations	Denmark		Ardian	✓	Sep-18
Expereo	Netherlands		Alcentra	✓	Jun-18
VetPartners	UK		Ares	✓	Jun-18
Open GI	UK		Ares	✓	Jun-18
Hesira	Netherlands		Ares	✓	Jun-18
I@D	France		LGT European Capital, Permira Debt Managers, Capzanine	✓	Jun-18
Five Guys	UK		Goldman Sachs	–	Jun-18
Evernex	France		Ardian	✓	Jun-18
ECS Group	France		Ardian	✓	Mar-18
Technicis	France		Idinvest	✓	Mar-18
Idverde	France		KKR, Tikehau Capital	✓	Mar-18
Twinset	Italy		Permira Debt Managers, Bluebay	✓	Mar-18
JJA	France		Tikehau Capital	✓	Mar-18
First Names	UK		Alcentra, RBS	✓	Feb-18



Source: LCD, an offering of S&P Global Market Intelligence, Deloitte research and other publicly available sources.

Direct Lending fundraising

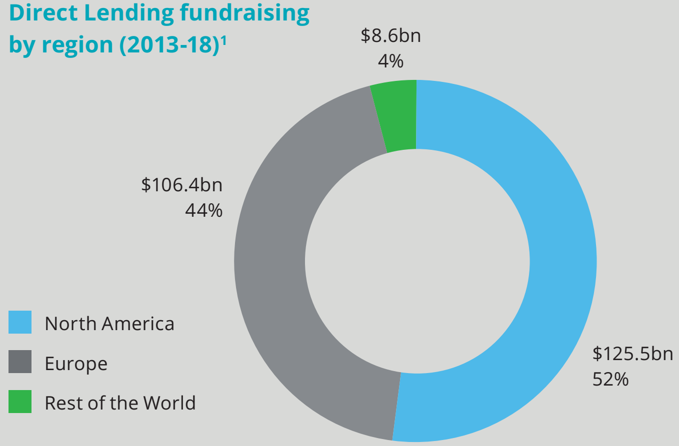
Global Direct Lending fundraising by quarter[1]



Select largest funds with final closing in 2018[1]

- Ares Capital Europe IV **€6,500m** *(Europe)*
- Kayne Senior Credit Fund III **$3,000m** *(North America)*
- White Oak Yield Spectrum Fund **$2,120m** *(North America)*
- EQT Mid-Market Credit Fund II **€1,800m** *(Europe)*
- Golub Capital Partners 11 **$1,860m** *(North America)*

Direct Lending fundraising by region (2013-18)[1]

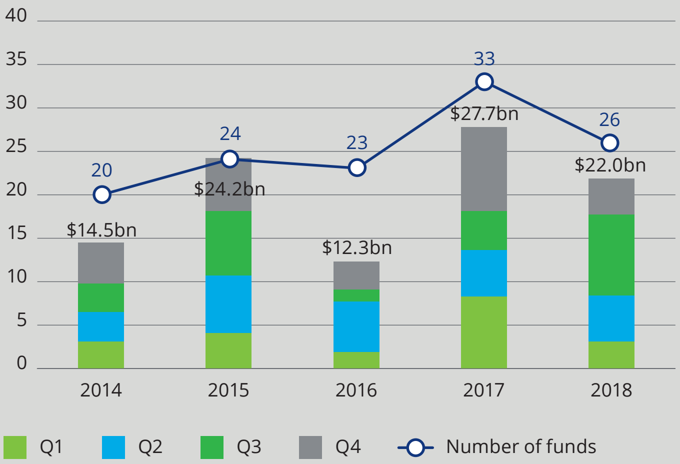


Select largest funds with final closings in 2017[1]

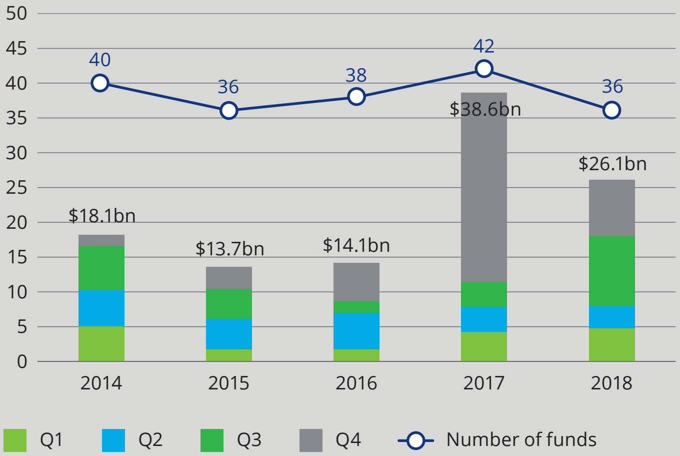
- Broad Street Loan Partners III **$9,809m** *(North America)*
- ICG Senior Debt Partners III **€5,200m** *(Europe)*
- HPS Speciality Loan Fund 2016 **$4,500m** *(North America)*
- Alcentra Clareant European Direct Lending Funds II **€4,300m** *(Europe)*
- Hayfin Direct Lending Strategy II **€3,500m** *(Europe)*

[1] Preqin, Credit Suisse market intelligence, 2019.

Europe Direct Lending fundraising by quarter[1]



North America Direct Lending fundraising by quarter[1]



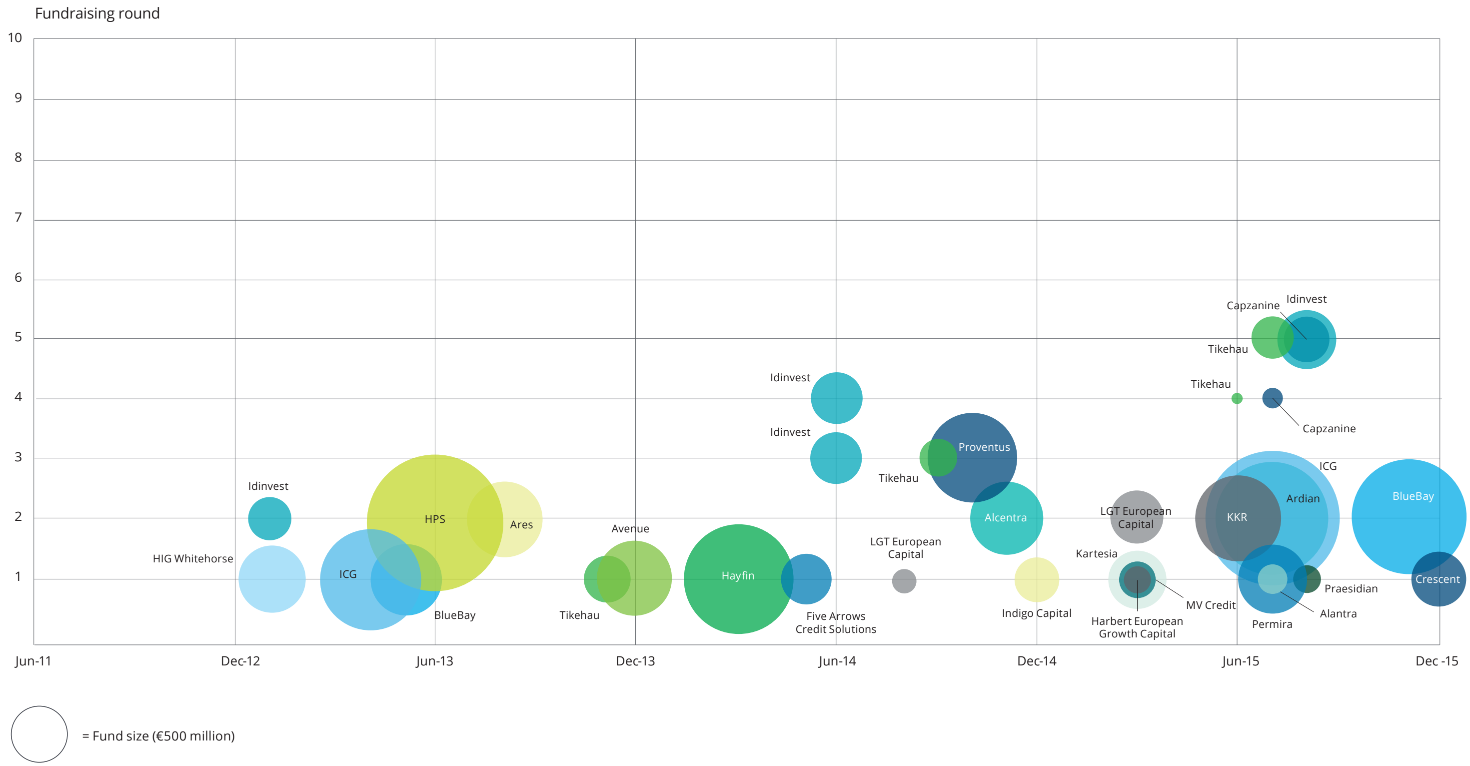
[1] Preqin, 2019.
[2] Credit Suisse Private Fund Group market knowledge.

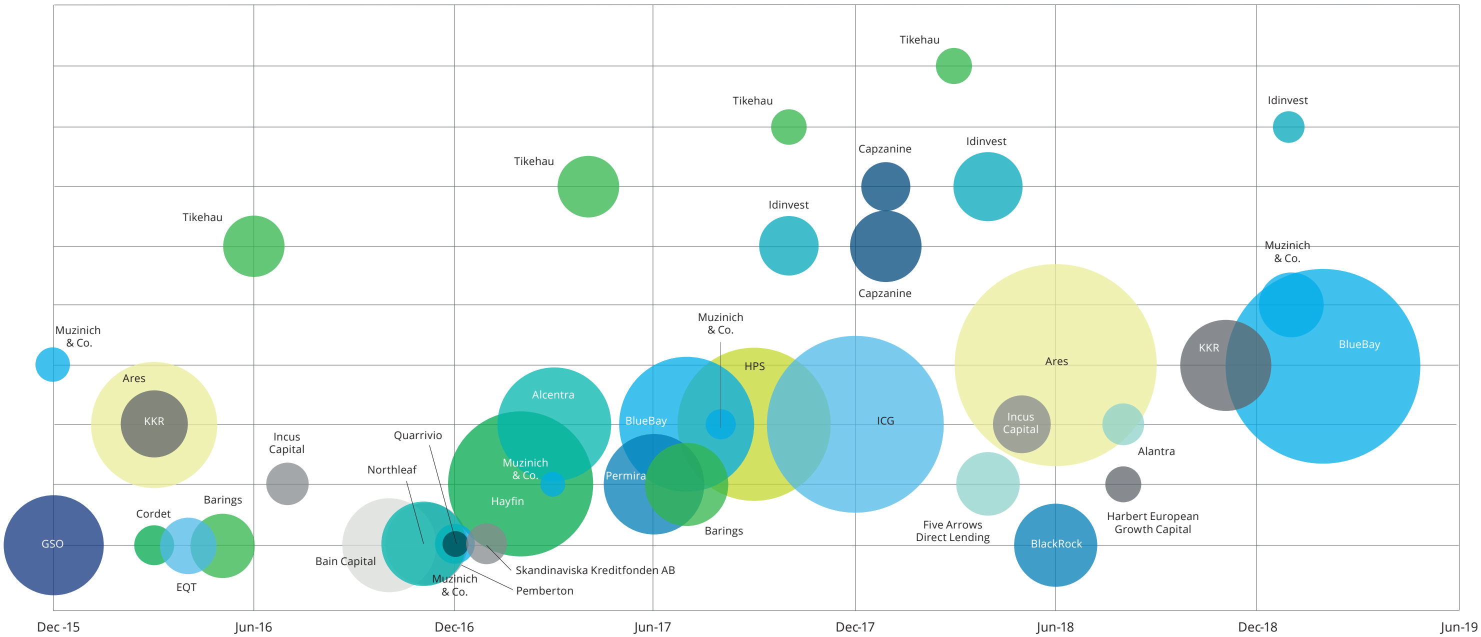
Key takeaways

- 2018 saw a step down in fundraising volumes in both Europe and North America compared to the record year in 2017.[1]
  - In Europe, initial indications are that volumes fell by c. 20%, with volumes in North America seeing a steeper 32% fall, though nonetheless North American fundraising continues to outpace Europe overall and did so in 2018 by c. 20%.[1]
  - This compares to a c. 10% fall in volumes in wider private debt fundraising in 2018, showing that direct lending suffered more.
  - We expect, as more data comes in for Q4 2018, to see our marks for 2018 volumes rise a little over the coming few months.[2]
  - The outsized fourth quarter volumes seen in both Europe and North America in 2017 were not repeated, with Q4 underperforming Q3 in both markets.[1]
- Strong investor interest in separately managed accounts continues, meaning that not all capital committed to the direct lending space is easily captured.[2]
- c. 200 Direct Lending funds seeking aggregate commitments of c. $90 billion remain in the market as of June 2018.[1]
  - North American funds represent the majority of those in market (c. 100 funds targeting c. $45 billion) with c. 65 European funds making up c. $40 billion.

Senior: How much funds have been raised by which Direct Lending managers?

Senior Direct Lending fund raising focused on the European market





Tikehau
Tikehau
Idinvest
Capzanine
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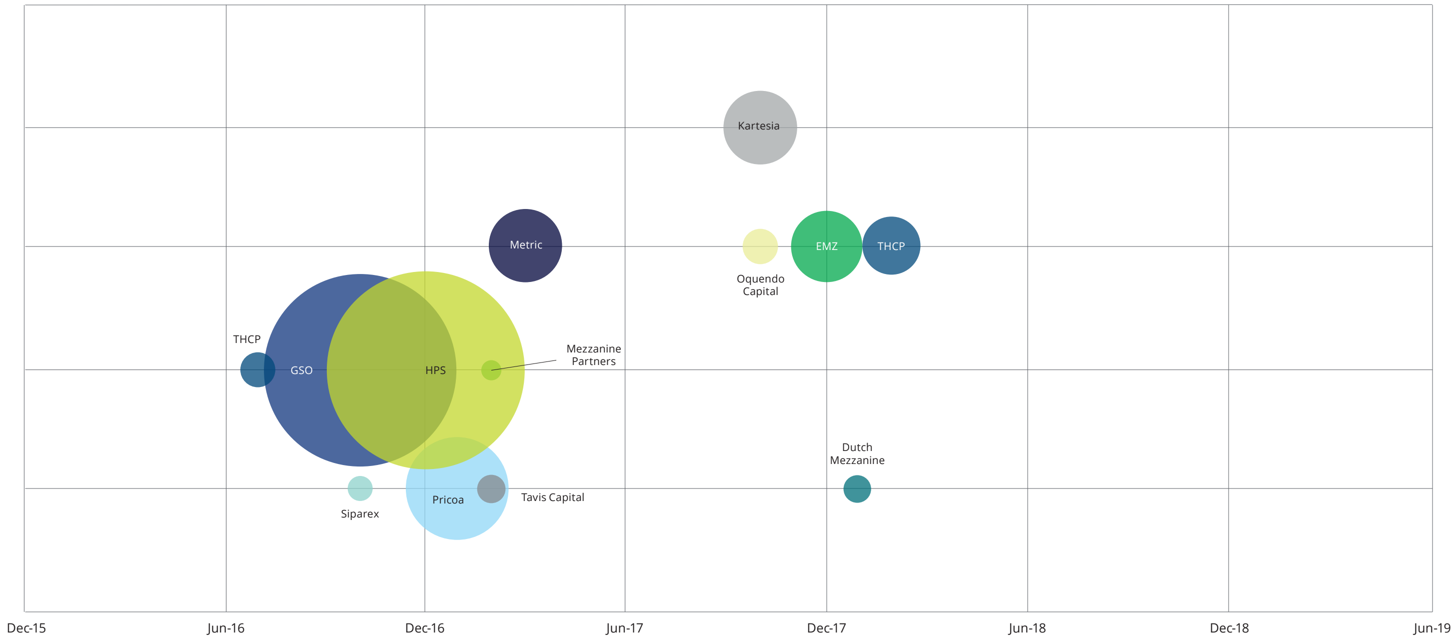
Muzinich & Co.
Muzinich & Co.
Muzinich & Co.
HPS
Ares
KKR
BlueBay
Ares
KKR
Alcentra
BlueBay
ICG
Incus Capital
Incus Capital
Quarrivio
Muzinich & Co.
Permira
Alantra
Northleaf
Hayfin
Barings
Barings
Cordet
Five Arrows Direct Lending
Harbert European Growth Capital
GSO
Bain Capital
BlackRock
Skandinaviska Kreditfonden AB
EQT
Muzinich & Co.
Pemberton
Dec -15
Jun-16
Dec-16
Jun-17
Dec-17
Jun-18
Dec-18
Jun-19

Junior/Growth: How much funds have been raised by which Direct Lending managers?

Junior/Growth Capital Direct Lending fund raising focused on the European market


Kartesia
Metric
Oquendo Capital
EMZ
THCP
THCP
GSO
HPS
Mezzanine Partners
Dutch Mezzanine
Siparex
Pricoa
Tavis Capital
Dec-15
Jun-16
Dec-16
Jun-17
Dec-17
Jun-18
Dec-18
Jun-19

How much funds have been raised by which Direct Lending managers?

An overview of some of the largest funds raised in the market

Alternative Lenders	Date	Size (m) w/o leverage	Investment Strategy	Geography
Alantra				
Alteralia SCA SICAV RAIF	Q3 18	€139	Senior	Europe
Alteralia SCA SICAR	Q4 16	€139	Senior	Europe
Alcentra				
Direct Lending Fund	Q1 17	€2,100	Senior and Junior	Europe
European Direct Lending Fund	Q4 14	€850	Senior and Junior	Europe
Direct Lending Fund	Q4 12	€278	Senior and Junior	Europe
Ardian				
Ardian Private Debt Fund III	Q3 15	€2,026	Senior and Junior	Europe
Axa Private Debt Fund II	Q2 10	€1,529	Senior and Junior	Europe
Ares				
ACE IV	Q2 18	€6,500	Senior	Europe
ACE III	Q2 16	€2,536	Senior and Junior	Europe
ACE II	Q3 13	€911	Senior and Junior	Europe
ACE I	Q4 07	€311	Senior	Europe
Bain Capital				
Bain Capital Specialty Finance	Q4 16	€1,406	Senior	Global
Bain Capital Direct Lending 2015 (Unlevered)	Q4 15	€56	Junior	Global
Bain Capital Direct Lending 2015 (Levered)	Q1 15	€433	Junior	Global
Bain Capital Middle Market Credit 2014	Q4 13	€1,554	Junior	Global
Bain Capital Middle Market Credit 2010	Q2 10	€1,017	Junior	Global
Barings				
Global Private Loan Fund II	Q3 17	$1,300	Senior and Junior	Global
Global Private Loan Fund I	Q2 16	$777	Senior and Junior	Global
Blackrock				
BlackRock European Middle Market Private Debt Fund I	Q2 17	€602	Senior	Europe
BlueBay				
BlueBay Senior Loan Fund III	Q1 19	€6,000	Senior and Junior	Europe
BlueBay Senior Loan Fund I	Q3 17	€2,900	Senior	Europe
BlueBay Direct Lending Fund II	Q4 15	€2,100	Senior and Junior	Europe
BlueBay Direct Lending Fund I	Q2 13	€810	Senior and Junior	Europe
Capital Four				
Capital Four Strategic Lending Fund	Q3 15	€135	Junior	Europe

Alternative Lenders	Date	Size (m) w/o leverage	Investment Strategy	Geography
Capital Four Nordic Leverage Finance Fund	Q4 13	€200	Junior	Europe
Capzanine				
Capzanine 4 Private Debt	Q1 18	€850	Senior and Junior	Europe
Artemid Senior Loan 2	Q1 18	€400	Senior	Europe
Artemid CA	Q3 15	€70	Senior	Europe
Artemid Senior Loan	Q3 15	€345	Senior	Europe
Capzanine 3	Q3 12	€700	Senior and Junior	Europe
Capzanine 2	Q3 07	€325	Senior and Junior	Europe
Capzanine 1	Q1 05	€203	Senior and Junior	Europe
Dutch Mezzanine				
Dutch Mezzanine Fund II	Q1 18	€122	Junior	Europe
Dutch Mezzanine Fund I	Q1 13	€60	Junior	Europe
EMZ				
EMZ 8	Q4 18	€815	Junior	Europe
EMZ 7	Q1 14	€695	Junior	Europe
EMZ 6	Q1 09	€640	Junior	Europe
EQT				
EQT Mid Marker Credit	Q2 16	€530	Senior	Europe
GSO				
Capital Opportunities Fund II	Q4 16	$6,500	Junior	Global
European Senior Debt Fund	Q4 15	$1,964	Senior	Europe
Capital Opportunities Fund I	Q1 12	$4,000	Junior	Global
Harbert European Growth Capital				
Harbert European Growth Capital Fund II SCSp	Q3 18	€215	Senior and Junior	Europe
Harbert European Growth Capital Fund I	Q1 15	€122	Senior	Europe
Hayfin				
Direct Lending Fund II	Q1 17	€3,500	Senior	Europe
Direct Lending Fund I	Q1 14	€2,000	Senior	Europe
HIG				
H.I.G. Whitehorse Loan Fund III	Q1 13	€750	Senior and Junior	Europe
HPS Investment Partners				
Speciality Loan Fund 2016	Q3 17	$4,500	Senior	Global
Mezzanine Partners Fund III	Q4 16	$6,600	Junior	Global
Highbridge Speciality Loan Fund III	Q2 13	€3,100	Senior	Global
Mezzanine Partners Fund II	Q1 13	$4,400	Junior	Global
Highbridge Speciality Loan Fund II	Q2 10	€1,100	Senior	Global
Mezzanine Partners Fund I	Q1 08	$2,100	Junior	Global
ICG				
Senior Debt Partners III	Q4 17	€5,200	Senior	Europe
Senior Debt Partners II	Q3 15	€3,000	Senior	Europe
ICG Europe Fund VI	Q1 15	€3,000	Junior	Europe
Senior Debt Partners I	Q2 13	€1,700	Senior	Europe

Alternative Lenders	Date	Size (m) w/o leverage	Investment Strategy	Geography
ICG Europe Fund V	Q1 13	€2,500	Junior	Europe
Idinvest				
Idinvest Senior Debt 5	Q1 19	€150	Senior	Europe
Idinvest Private Debt IV	Q2 18	€715	Senior and Junior	Europe
Idinvest Dette Senior 4	Q4 16	€300	Senior	Europe
Idinvest Dette Senior 3	Q3 15	€530	Senior	Europe
Idinvest Dette Senior 2	Q3 14	€400	Senior	Europe
Idinvest Private Debt III	Q1 14	€400	Senior and Junior	Europe
Idinvest Private Value Europe II	Q4 13	€50	Junior	Europe
Idinvest Dette Senior	Q1 13	€280	Senior	Europe
Idinvest Private Value Europe	Q2 12	€65	Junior	Europe
Idinvest Private Debt	Q3 07	€290	Senior and Junior	Europe
Incus Capital				
Incus Capital European Credit Fund III	Q2 18	€500	Senior and Junior	Europe
Incus Capital Iberia Credit Fund II	Q3 16	€270	Senior and Junior	Europe
Incus Capital Iberia Credit Fund I	Q4 12	€128	Senior and Junior	Europe
Indigo Capital				
Fund III	Q3 00	€100	Junior	Europe
Fund IV	Q3 03	€200	Junior	Europe
Fund V	Q3 07	€220	Junior	Europe
Fund VI	Q3 14	€320	Junior	Europe
Kartesia				
Kartesia Credit Opportunities IV	Q4 17	€870	Senior and Junior	Europe
Kartesia Credit Opportunities III	Q1 15	€508	Senior and Junior	Europe
KKR				
KKR Lending Partners III L.P. ("KKRLP III")	Q4 18	$1,498	Senior	Global
Fund Lending Partners Europe	Q1 16	$850	Senior and Junior	Europe
Fund Lending Partners II	Q2 15	$1,336	Senior and Junior	Global
Fund Lending Partners I	Q4 12	$460	Senior and Junior	Global
LGT European Capital				
Private Debt Fund	Q1 15	€474	Senior and Junior	Europe
UK SME Debt	Q3 14	€100	Senior and Junior	Europe
Metric				
MCP III	Q1 17	€860	Special Situations	Europe
MCP II	Q2 14	€475	Special Situations	Europe
MCP I	Q1 13	€225	Special Situations	Europe
Mezzanine Partners				
Mezzanine Partners II	Q1 17	€65	Junior	Europe
Mezzanine Partners I	Q1 14	€65	Junior	Europe
Muzinich & Co.				
Muzinich Pan-European Private Debt Fund	Q1 19	€ 707	Senior and Junior	Europe

Alternative Lenders	Date	Size (m) w/o leverage	Investment Strategy	Geography
Muzinich French Private Debt Fund	Q3 17	€ 153	Senior	Europe
Muzinich Iberian Private Debt Fund	Q1 17	€ 104	Senior and Junior	Europe
Muzinich Italian Private Debt Fund	Q4 16	€ 268	Senior and Junior	Europe
Muzinich UK Private Debt Fund	Q4 15	€ 200	Senior and Junior	Europe
Northleaf				
Northleaf Private Credit	Q4 17	$1,400	Senior and Junior	Global
Oquendo Capital				
Oquendo III SCA SICAR	Q4 17	€200	Junior	Europe
Oquendo II SCA SICAR	Q3 14	€157	Junior	Europe
Pemberton				
European Mid-Market Debt Fund	Q4 16	€1,140	Senior	Europe
Permira				
Permira Credit Solutions III	Q2 17	€1,700	Senior and Junior	Europe
Permira Credit Solutions II	Q3 15	€800	Senior and Junior	Europe
Pricoa				
Pricoa Capital Partners V	Q1 17	€1,692	Junior	Global
Proventus				
Proventus Capital Partners III	Q4 14	€1,300	Senior and Junior	Europe
Proventus Capital Partners II/IIB	Q2 11	€835	Senior and Junior	Europe
Proventus Capital Partners I	Q3 09	€216	Senior and Junior	Europe
Rothschild/Five Arrows				
Five Arrows Credit Solutions	Q2 14	€415	Junior	Europe
Five Arrows Direct Lending	Q1 18	€655	Senior & Junior	Europe
Siparex				
Siparex	Q4 16	€100	Junior	Europe
Skandinaviska Kreditfonden AB				
Scandinavian Credit Fund I AB	Q1 16	€270	Senior	Europe
Tavis Capital				
Swiss SME Credit Fund I	Q1 17	CHF137	Junior	Europe
Tikehau				
Fund 9	Q1 18	€212	Senior	Europe
Fund 8	Q4 17	€205	Senior and Junior	Europe
Fund 7	Q2 17	€615	Senior	Europe
Fund 6	Q3 16	€610	Senior and Junior	Europe
Fund 5	Q3 15	€290	Senior and Junior	Europe
Fund 4	Q3 15	€19	Senior and Junior	Europe
Fund 3	Q2 14	€230	Senior	Europe
Fund 2	Q4 13	€134	Senior and Junior	Europe
Fund 1	Q4 13	€355	Senior	Europe

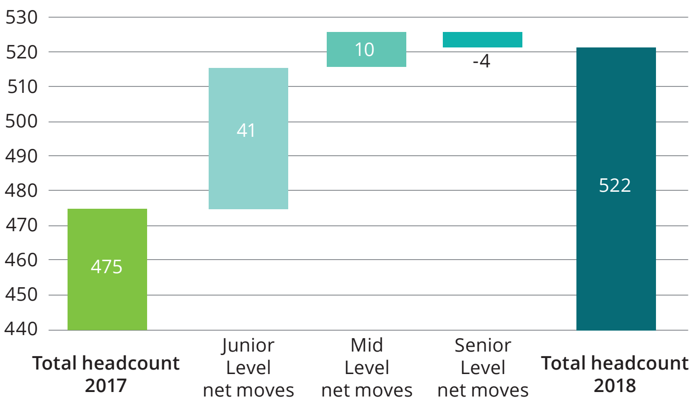
Direct Lending Professionals – Key statistics and recent moves

Direct Lending Market Headcount

In 2018, the European Direct Lending (DL) market continued to expand. At the end of Q4 there was a total of 522 Investment Professionals (IPs) compared with 475 IPs at the end of 2017. This represents a c. 10% increase in headcount. This is in contrast to the c. 9% and c. 8% increase observed in 2017 and 2016, respectively.

Figure 1 (below) shows the net movement of IPs at different levels of seniority. The majority of net movers were at the Junior level, with an increase of 41, compared to 27 in 2017. There was a net increase of 10 Mid-level hires up from just 1 in 2017. However, at the Senior-level, net movement was -4, down from a net increase of 9 in 2017.

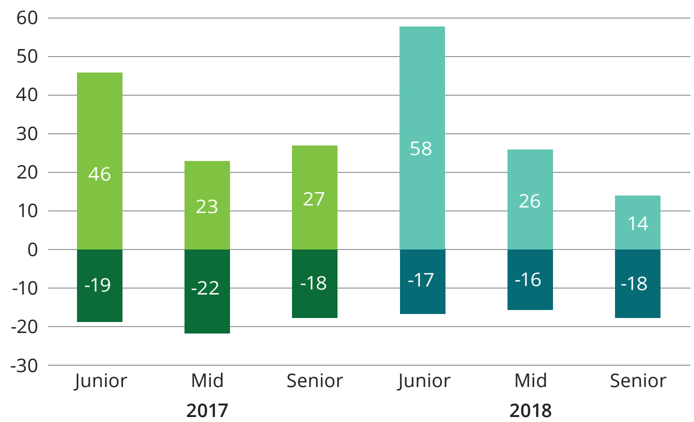
Figure 1. Graph comparing net moves across different levels of seniority between Q4 2017 and Q4 2018



Notes
For the purposes of this analysis we have included the total investment team headcounts at c. 35 combined Mezzanine / Direct Lending funds (such as Park Square, Crescent Capital). We have excluded the Mezzanine/Minority Equity teams at ICG, on the basis that much of their investment now is in minority or majority equity. We have also excluded teams whose main activity is in the corporate private placement market.

When analysing seniority, junior-level IPs are those with less than 6 years' relevant experience, mid-level constitutes 6-10 years' experience, and senior is those with more than 10 years' experience.

Figure 2. Graph comparing the total hires and departures across different levels of seniority between 2017 and 2018



Hiring Trends by Seniority

Total hires and departures across 2017 and 2018 observed in the DL market are displayed in Figure 2 (above). The number of departures has remained relatively steady across the seniority levels in both years. However, we have observed that in 2018 the number of Junior hires increased from 46 to 58, whilst the number of Senior hires fell from 27 to 14.

Firms expanding into new strategies tend to build teams from the top down. A lack of new entrants in 2018, coupled with the fact that Senior IPs are already present at most key funds, helps to explain why hires at this level tend to be replacements rather than strategic additions. The hiring focus seems increasingly shifted toward the Junior level in order to bolster execution capabilities.

Source of Hires – Breakdown

In 2018, Figure 3 (opposite) shows the majority of Junior and Mid-level hires have come from Investment Banking (57% and 54% respectively). At the Senior level the greatest intake was from competitor DL funds (64%) with the remainder coming from Out of the Market (14%), Investment Banking (14%) and Debt Advisory (7%).

Figure 3. Charts comparing the source of hires into the DL market between 2017 and 2018 at different levels of seniority

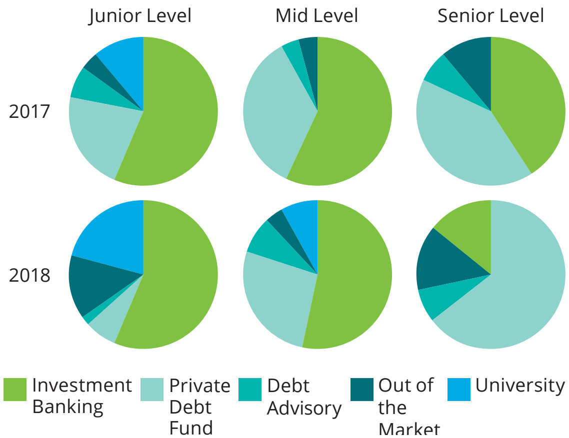
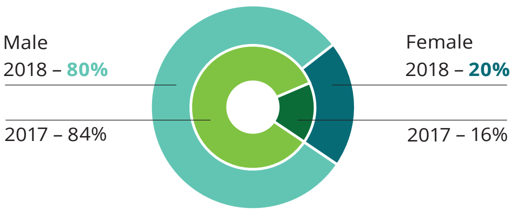


Figure 4 (below) compares 2017 and 2018 hiring by gender. With firms making a concerted effort in order to improve gender diversity, the total number of female hires made in the DL market has increased from 16% to 20%.

Figure 4. Chart comparing hires by gender



Recent Notable Direct Lending Moves

Ardian	Eric Hensen, Investment Manager, joins from Deutsche Bank
Ardian	Stuart Hawkins, Director, joins from TPG
Ares Management	Paul Mahon, Vice President, joins from UBS
Barings	Joe Buckley, Director, joins from Hermes
Beechbrook Capital	Laura Repko, Associate Director, joins from Deutsche Bank
Blackrock	Liam Jacobs, Director, joins from Ardian Private Debt
Blackrock,Paris	Florent Trichet, Head of Private Debt (France), joins from Hayfin
BlueBay Asset Management	Vanni Zanchi,Vice President, joins from Muzinich & Co. (Italy)
CDPQ	Matthieu Lagree, Vice President, joins from RBS
CPPIB	Marc-Antoine Allen, Senior Associate, left for Sagard Holdings
CPPIB	Paulo Merino, Senior Associate, joins from Deutsche Bank
CVC	Alvaro Ruiz Nolasco, Director, joins from Santander
Five Arrows	Marlof Tjaden, Director, joins from Anjuna Capital
Goldman ESSG	Patrick Ordynans, Executive Director, joins from Alcentra
Hermes Investment Management	Maria van der Veer, Director, joins internally from Loans team
HIG Whitehorse	Matteo Masi, Director, left TBC
HIG Whitehorse	Jerry Wilson, Principal, left
Kartesia	Markus Geiger, Head of DACH, left for ODDO BHF
Kartesia	Javier Castillo Perez-Auba, Associate Director, joins from Muzinich & Co. (Spain)
PSP Investments	Mathieu Fradette, Manager, joins from CPPIB
Tikehau Capital, Brussels	Bart Schenk, Investment Director, joins from Eurofins
Tikehau Capital, Madrid	Arturo Melero, Director, left for Oquendo Capital
Tikehau Capital, Paris	Pierre Toussaint, Director, joins from Scor Investment Partners

Paragon Search Partners

Bruce and Andrew are co-Managing Partners of Paragon Search Partners, a London based search firm focused on the global credit markets, leveraged and acquisition finance, investment banking and private equity.

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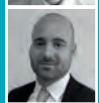
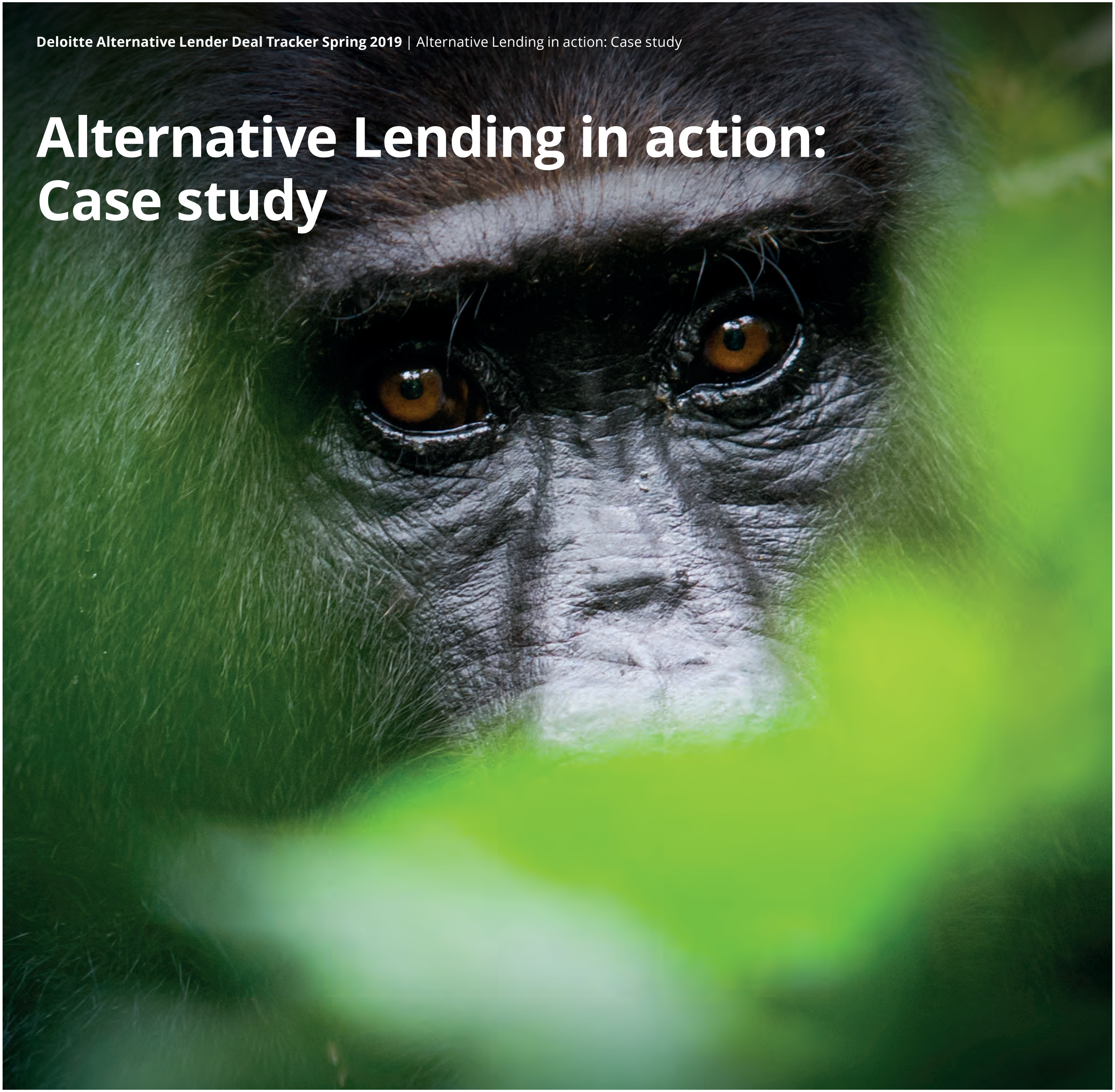


Andrew Perry,
Managing Director
aperry@paragonsearchpartners.com

Alternative Lending in action: Case study



Flexible capital secures future of Romanian chemical industry

CHIMCOMPLEX

Stefan Vuza
Chimcomplex President and CEO

Chimcomplex and its main shareholder, Mr Stefan Vuza, have for some time had their sights on acquiring their nearest competitor, Oltchim, in a reverse takeover which would more than triple the combined EBITDA. The two businesses had been designed to operate together during the Communist era but were separated during the privatisation process that followed the fall of the Ceaușescu regime. After earlier attempts following Oltchim's insolvency in 2013, Mr Vuza has finally realised his ambition of creating the market leading caustic soda producer in Romania. Mr Vuza commented: ***"This transaction was an once-in-a-lifetime opportunity to re-unite these two intrinsically linked businesses and thereby rejuvenate Romania's chemical sector and saving over 1,000 local jobs."***

To finance the transaction, the company initially struggled to raise debt in the local market. As Mr Vuza explains: ***"This asset already had a history in the local market and given the limited risk appetite from the Romanian banks, we decided that a local bank deal was not an option."***

The company then turned to the international debt capital markets, however with mixed results. ***"We were making slow progress given the complexity to the transaction and came to the conclusion that we needed professional advisors from London. In the face of a looming exclusivity deadline, we turned to Deloitte's Alternative Capital Solutions (ACS) team which specialises in complex transactions."***

Chimcomplex appointed the joint Deloitte UK and Deloitte Romania team in mid-2018, who were able to field an experienced cross-border team at short notice to adequately staff the engagement from both the London and Bucharest offices. Deloitte subsequently ran a competitive debt raising process with international banks and direct lenders. To fully debt fund the acquisition, Chimcomplex then selected VTB Bank (Europe) and Credit Suisse Special Investments Group, who provided senior and mezzanine facilities respectively, based on the competitiveness of their offer and their ability to deliver within a short time period.

Chimcomplex appointed the joint Deloitte UK and Deloitte Romania team in mid-2018, who were able to field an experienced cross-border team at short notice to adequately staff the engagement from both the London and Bucharest offices.

"Given the complexity of the transaction, the ticking clock and the sheer size of the funds needed, the Company decided to go with an international lender club. VTB and Credit Suisse offered the best commercial terms to the company and were able to deliver in a short time period minimizing execution risk." says Floris Hovingh, Head of Deloitte's Alternative Capital Solutions team.

Mr Vuza concludes: ***"Our successful completion of the acquisition of Oltchim's assets marks an important milestone in our company's development, is an extraordinary achievement for our team and is a new start for a whole industry here in Romania"***.

Chimcomplex SA
Chimcomplex is one of the leading manufacturers of chemical products in Romania, founded by the state in 1954. In 2003 the business was privatised, with the SCR group led by entrepreneur Stefan Vuza becoming the main shareholder. Today the company is listed on the alternative segment of the Bucharest Stock Exchange ("AeRO").

The Company's production method primarily relates to the Chlor-Alkali process, an industrial process for the electrolysis of sodium chloride. It is the technology used to produce chlorine and sodium hydroxide (lye/caustic soda), which are chemicals with multiple industry applications.

When to use Alternative Debt?

Situations		Advantages
1	Private Equity acquisitions	Reduce equity contribution and enable more flexible structures
2	Corporates making transformational/ bolt-on acquisitions	Enable growth of private companies with less/no cash equity
3	Growth capital	Enable growth opportunities
4	Consolidation of shareholder base	Enable buy-out of (minority) shareholders
5	Special dividend to shareholders	Enable a liquidity event
6	To refinance bank lenders in over-levered structures	Enable an exit of bank lenders
7	Raising junior HoldCo debt	Increase leverage for acquisitions/ dividends

Insights into the European Alternative Lending market

Alternative Lender '101' guide

Who are the Alternative Lenders and why are they becoming more relevant?

Alternative Lenders consist of a wide range of non-bank institutions with different strategies including private debt, mezzanine, opportunity and distressed debt.

These institutions range from larger asset managers diversifying into alternative debt to smaller funds newly set up by ex-investment professionals. Most of the funds have structures comparable to those seen in the private equity industry with a 3-5 year investment period and a 10 year life with extensions options. The limited partners in the debt funds are typically insurance, pension, private wealth, banks or sovereign wealth funds.

Over the last three years a significant number of new funds has been raised in Europe. Increased supply of Alternative Lender capital has helped to increase the flexibility and optionality for borrowers.

Key differences to bank lenders?

- Access to non amortising, bullet structures.
- Ability to provide more structural flexibility (covenants, headroom, cash sweep, dividends, portability, etc.).
- Access to debt across the capital structure via senior, second lien, unitranche, mezzanine and quasi equity.
- Increased speed of execution, short credit processes and access to decision makers.
- Potentially larger hold sizes for leveraged loans (€30m up to €300m).
- Deal teams of funds will continue to monitor the asset over the life of the loan.

However

- Funds are not able to provide clearing facilities and ancillaries.
- Funds will target a higher yield for the increased flexibility provided.

Euro Private Placement '101' guide

Euro PP for mid-cap corporates at a glance

Since its inception in July 2012, the Euro Private Placement (Euro PP) volumes picked up significantly. After the amendment in the insurance legislation in July 2013, the majority of Euro PPs are currently unlisted. The introduction of a standardised documentation template by the Loan Market Association (LMA) in early 2015 is supportive of a Pan-European roll-out of this alternative source of financing.

Key characteristics of the credit investor base

- Mainly French insurers, pension funds and asset managers
- Buy and Hold strategy
- Target lending: European mid-cap size, international business exposure, good credit profile (net leverage max. 3.5x), usually sponsor-less

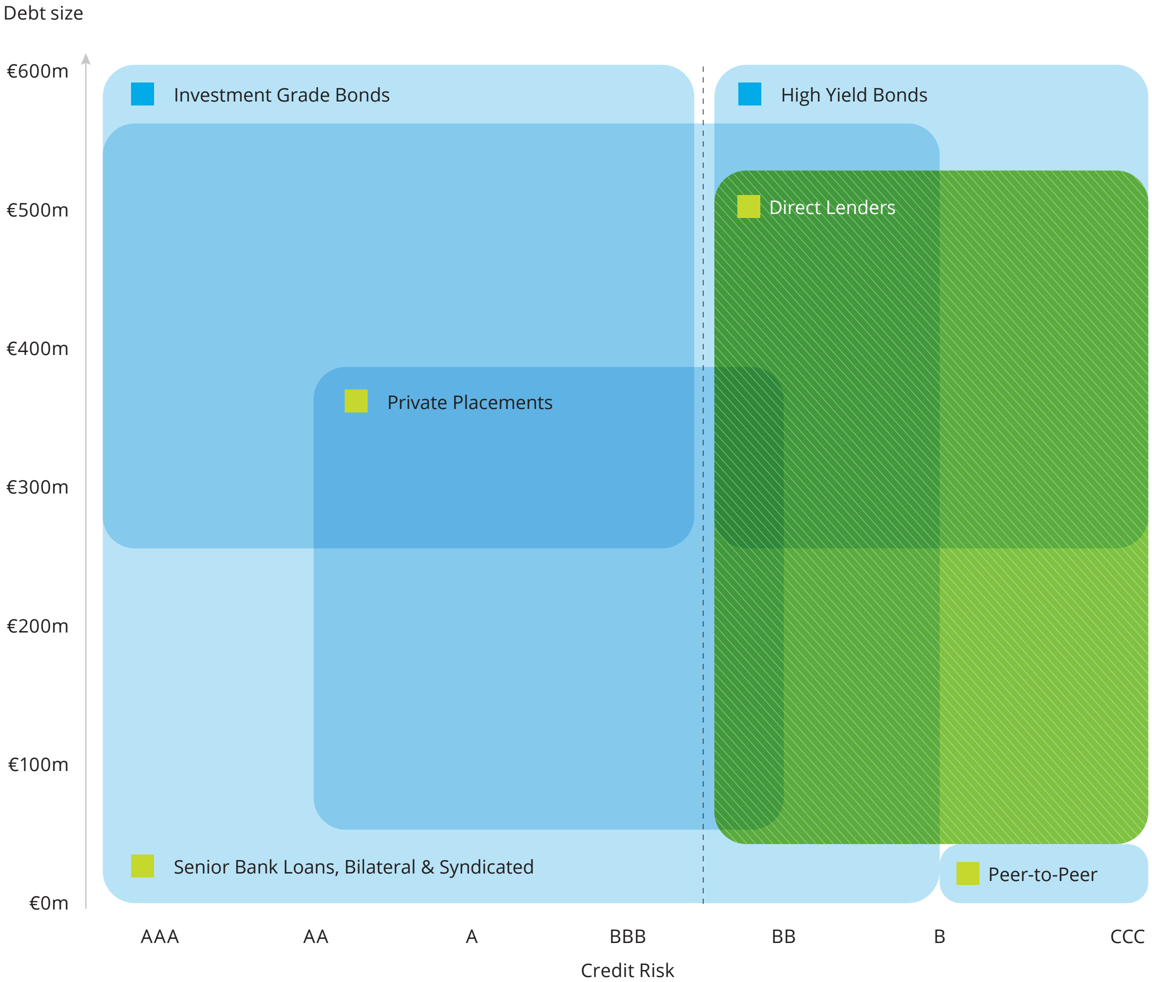
Main features of Euro PP

- Loan or bond (listed or non-listed) – If listed: technical listing, no trading and no bond liquidity
- Usually Senior, unsecured (possibility to include guarantees if banks are secured)
- No rating
- Minimum issue amount: €10m
- Pari passu with other banking facilities
- Fixed coupon on average between 3% and 4.5% – No upfront fees
- Maturity > 7 years
- Bullet repayment profile
- Limited number of lenders for each transaction and confidentiality (no financial disclosure)
- Local jurisdiction, local language
- Euro PPs take on average 8 weeks to issue

Pros and Cons of Euro PP

- ✓ Long maturity
- ✓ Bullet repayment (free-up cash flow)
- ✓ Diversification of sources of funding (bank disintermediation)
- ✓ Very limited number of lenders for each transaction
- ✓ Confidentiality (no public financial disclosure)
- ✓ Covenant flexibility and adapted to the business
- ✓ General corporate purpose
- ✗ Make-whole clause in case of early repayment
- ✗ Minimum amount €10m
- ✗ Minimum credit profile; leverage < 3.5x

How do Direct Lenders compare to other cash flow debt products?



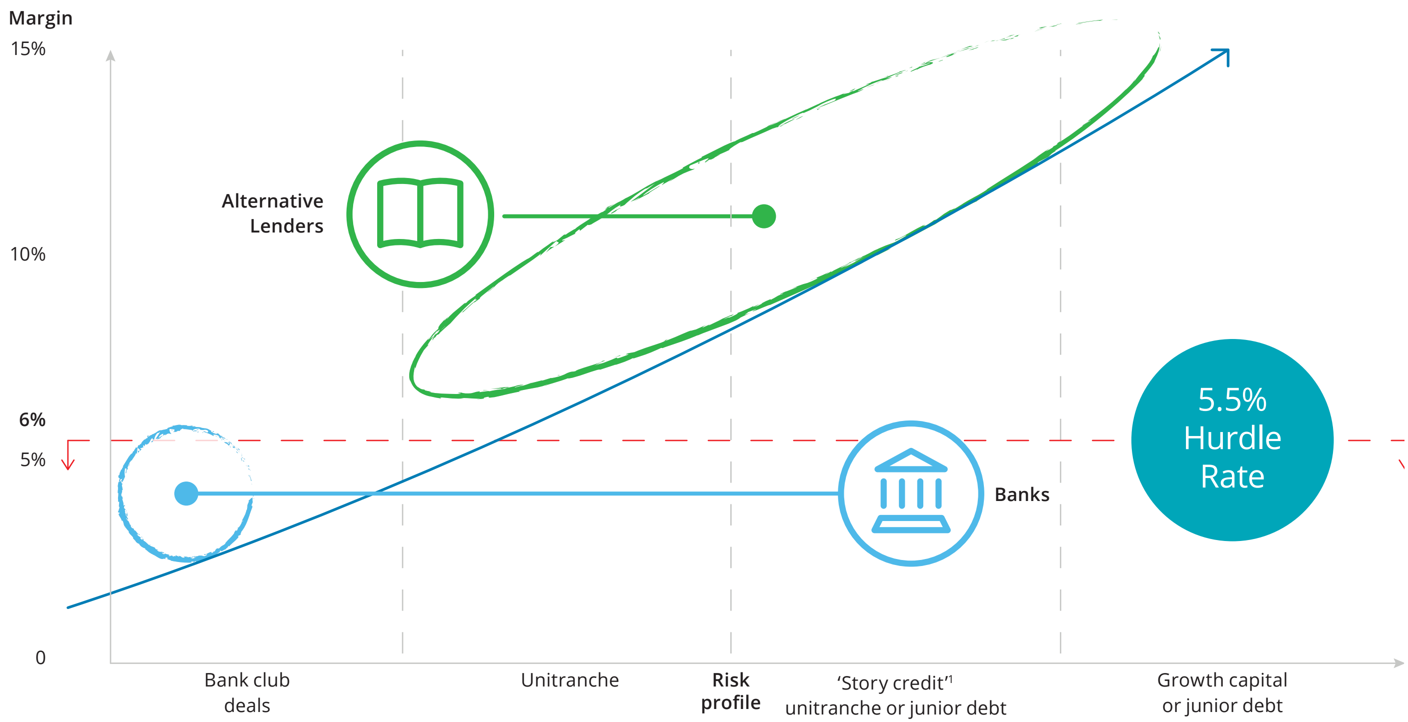
Cash flow debt products

The overview on the left focuses on the debt products available for Investment Grade and Sub-Investment Grade companies.

Private Instrument

Public Instrument

How do Alternative Lenders compete with bank lenders?



Leveraged loan banks operate in the 350bps to 600bps margin range providing senior debt structures to mainly companies owned by private equity.

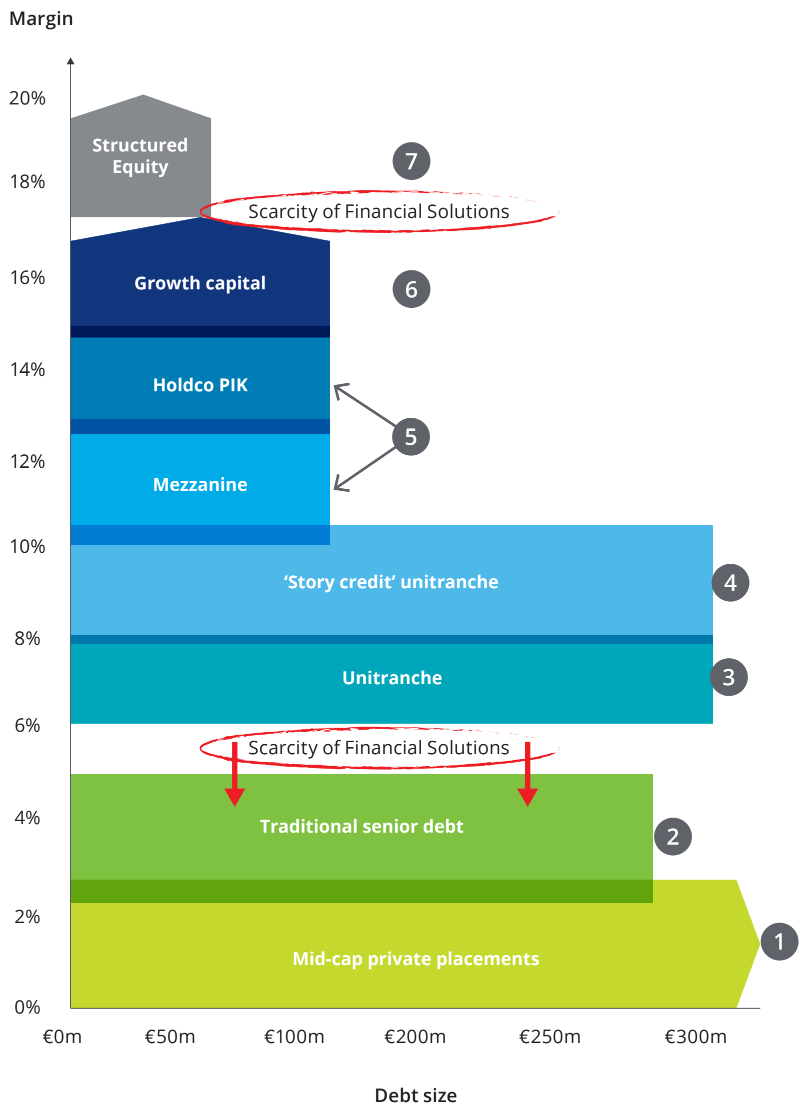
Majority of the Direct Lenders have hurdle rates which are above L+550bps margin and are mostly involved in the most popular strategy of 'plain vanilla' unitranche, which is the deepest part of the private debt market. However, Direct Lenders are increasingly raising senior risk strategies funds with lower hurdle rates.

Other Direct Lending funds focus on higher yielding private debt strategies, including: 'Story credit'[1] unitranche and subordinated debt or growth capital.

Similar to any other asset class the risk return curve has come down over the last 3 years as a result of improvements in the economy and excess liquidity in the system.

[1] 'Story Credit' – unitranche facility for a company that historically was subject to a financial restructuring or another financial difficulty and as a result there is a higher (real or perceived) risk associated with this investment.

What are the private debt strategies?



Note: Distressed strategies are excluded from this overview

We have identified seven distinctive private debt strategies in the mid-market Direct Lending landscape:

1. Mid-cap Private Placements
2. Traditional senior debt
3. Unitranche
4. 'Story credit' unitranche
5. Subordinated (mezzanine/PIK)
6. Growth capital
7. Structured equity

There is a limited number of Alternative Lenders operating in the L+450bps to L+600bps pricing territory.

A number of large funds are now actively raising capital to target this part of the market.

Direct Lenders approach the mid-market with either a niche strategy (mainly new entrants) or a broad suite of Direct Lending products to cater for a range of financing needs.

The latter is mostly the approach of large asset managers.

How does the Direct Lending investment strategy compare to other strategies?

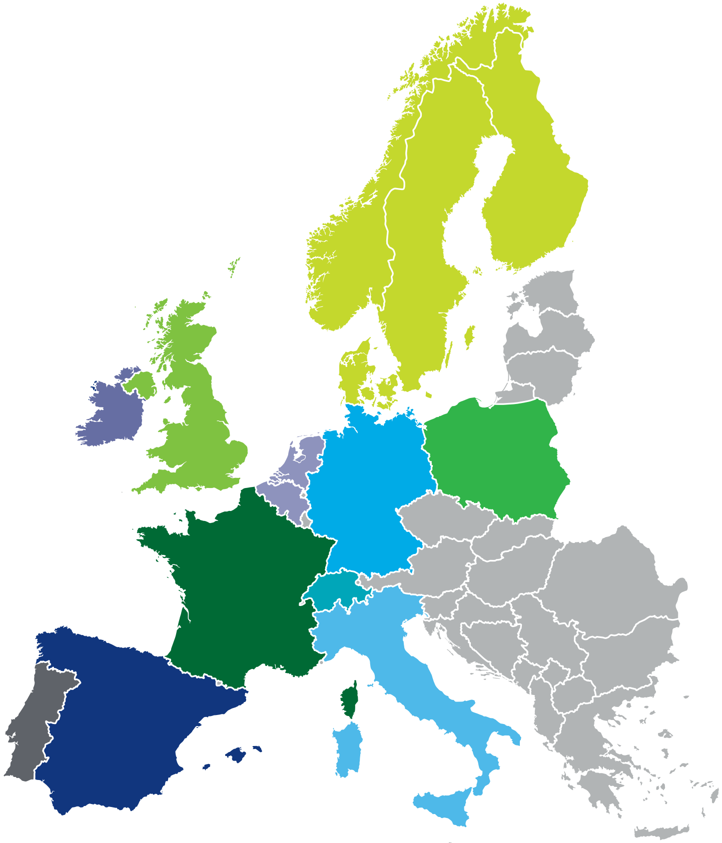
Fund strategy	Description	Target return (Gross IRR)	Investment period	Fund term	Management fee	Preferred return	Carried interest
Direct senior lending	Invest directly into corporate credit at senior levels of the capital structure	5-10%	1-3 years	5-7 years (plus 1-2 optional one year extensions)	Typically around 0.6 – 1% on invested capital	5-6%	10%
Specialty lending/credit opportunities	Opportunistic investments across the capital structure and/or in complex situations Typically focused on senior levels of the capital structure	12-20%	3-5 years	8-10 years (plus 2-3 optional one year extensions)	Typically 1.25 – 1.50% on invested capital or less than 1% on commitments	6-8%	15%-20%
Mezzanine	Primarily invest in mezzanine loans and other subordinated debt instruments	12-18%	5 years	10 years (plus 2-3 optional one year extensions)	1.50 – 1.75% on commitments during investment period, on a reduced basis on invested capital thereafter	8%	20%
Distressed	Invest in distressed, stressed and undervalued securities Includes distressed debt-for-control	15-25%	3-5 years	7-10 years (plus 2-3 optional one year extensions)	Various pending target return and strategy: 1.50 – 1.75% on commitments or 1.50% on invested capital	8%	20%

Management fee – an annual payment made by the limited partners in the fund to the fund's manager to cover the operational expenses.

Preferred return (also hurdle rate) – a minimum annual return that the limited partners are entitled to before the fund manager starts receiving carried interest.

Carried interest – a share of profits above the preferred return rate that the fund manager receives as compensation which is based on the performance of the investment.

Who are the Direct Lenders?



United Kingdom

Alcentra, aperacapital, ARDIAN, ARES, BainCapital, BARINGS, BANTRY BAY, BEECHBROOK, BLACKROCK, BlueBay, citi, CORDET, GUGGENHEIM, CRESCENT, CVC, EQT, eso, GSO Capital Partners, KKR, Hayfin, Hermes, HIG Whitehorse, ICG, Kartesia, IDI Capital Partners, M&G, Macquarie, Magnetar Capital, Muzinich & Co, MV Credit, Njord, Northleaf, Partners Group, Permira, Pemberton, Praesidian Capital, Pricoa Capital Group, Rothschild, THCP, Tikehau, TDC, Tosca Debt Capital, TPG, terra firma

Germany

aperacapital, ARDIAN, ARES, BLACKROCK, EQT, Hayfin, HIG Whitehorse, idinvest, ICG, Kartesia, Pemberton, Permira, Pricoa Capital Group

Poland

CVI

Spain

ALANTRA, HIG Whitehorse, ICG, Incus Capital, idinvest, Pemberton, KKR, Hayfin, Magnetar Capital, Kartesia, Muzinich & Co, Tikehau, TREA, oquendo

Nordics

Capital Four, ARES, CORDET, PROVENTUS, Kreditfonden

Italy

Emisys capital, HIG Whitehorse, Muzinich & Co, Quadrivio, Incus Capital, Pemberton, Pricoa Capital Group, Tikehau

Benelux

CORDET, NIBC, Dutch Mezzanine Fund, Hayfin, HIG Whitehorse, ICG, Kartesia, XC Mezzanine Partners, PMV, THCP, Tikehau

Ireland

Activate Capital, BlueBay, BainCapital, Cardinal, BSP, Earlsfort Capital, National Treasury Management Agency

Portugal

Incus Capital

Switzerland

Credit Suisse, eso, Partners Group, tavis capital

France

aperacapital, ARDIAN, ARES, bpifrance, Capzanine, BLACKROCK, emz, CEREA Partenaire, GSO Capital Partners, Hayfin, Incus Capital, IDI Capital Partners, Indigo, idinvest, Kartesia, HIG Whitehorse, KKR, ICG, Partners Group, Tikehau, Muzinich & Co, Pemberton, Permira, Pricoa Capital Group, Rothschild

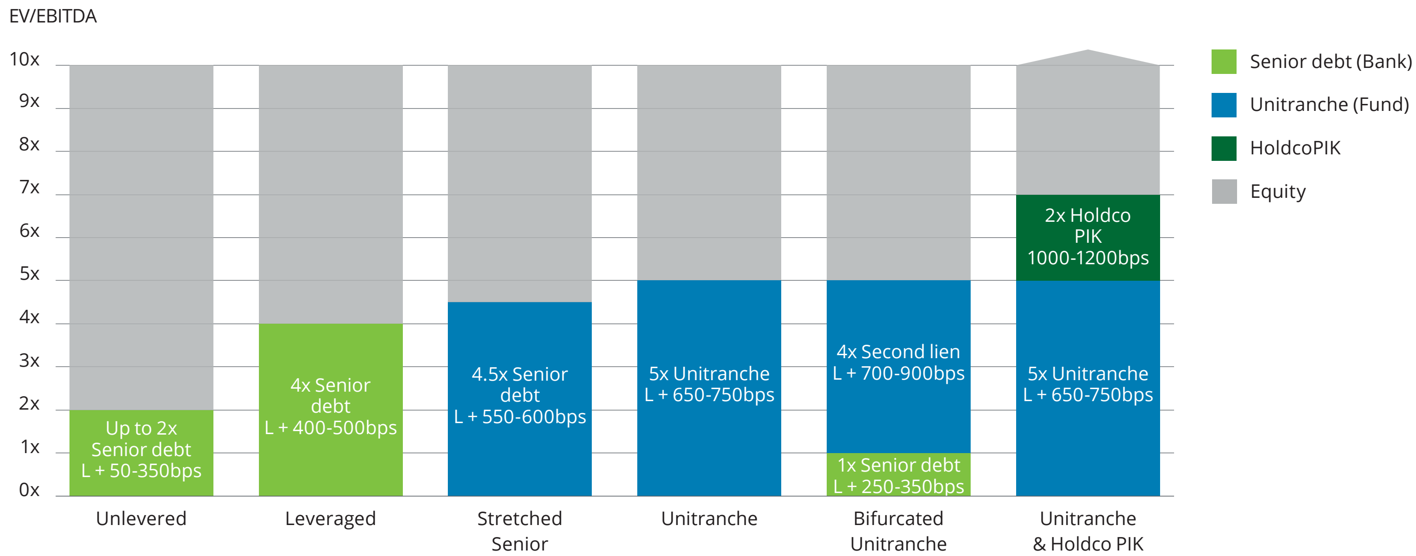
Especially focused on Euro PP

Amundi, Artemid, La Banque Postale Asset Management, CEREA Partenaire, Tikehau, idinvest, La Banque Postale

Note: offices included with at least one dedicated Direct Lending professional. The graph does not necessarily provide an overview of the geographical coverage.

What debt structures are available in the market?

Structures



Weighted Average Cost of Debt (WACD) – based on mid-point average range

L + 50-350bps	L + 450bps	L + 575bps	L + 700bps	L + 700bps	L + 815bps

Note: the structures and pricing presented are indicative and only for illustrative purposes

Pros and Cons per structure

✓ Lowest pricing
✓ Relationship bank

- Low leverage
- Shorter tenor (3-5 years)

✓ Increased leverage
✓ Club of relationship banks

- More restrictive terms
- Partly amortising

✓ Increased leverage
✓ Bullet debt
✓ Lower Equity contribution

- More restrictive terms than Unitranche
- Higher pricing than bank debt
- Need for RCF lender

✓ Stretched leverage
✓ Flexible covenants
✓ One-stop shop solution
✓ Speed of execution
✓ Relationship lender

- Higher pricing

✓ Stretched leverage
✓ Flexible covenants
✓ Greater role for bank
✓ Reach more liquid part of the unitranche market

- Higher pricing
- Intercreditor/AAL

✓ Stretched leverage
✓ Flexible covenants
✓ Lower equity contribution
✓ No Intercreditor

- Higher pricing

More sponsor-less companies are turning to Direct Lenders to finance growth

Background

- Traditionally private companies without access to further shareholder funding lacked the ability to make transformational acquisitions.
- Bank lenders are typically not able to fund junior debt/quasi equity risk and would require a sizable equity contribution from the shareholders to fund acquisitions.
- Cost savings, revenues synergies and ability to purchase bolt on acquisitions at lower EBITDA multiples makes a buy and build strategy highly accretive for shareholder's equity.

Opportunity

- Alternative Lenders are actively looking to form longer term partnerships with performing private companies to fund expansion.
- Recent market transactions have been structured on Debt/EBITDA multiples as high as 4.5-5.0x including identifiable hard synergies. Typically, this is subject to c.30 – 40% implied equity in the structure, based on conservative enterprise valuations.
- A number of Alternative Lenders are able to fund across the capital structure from senior debt through minority equity.

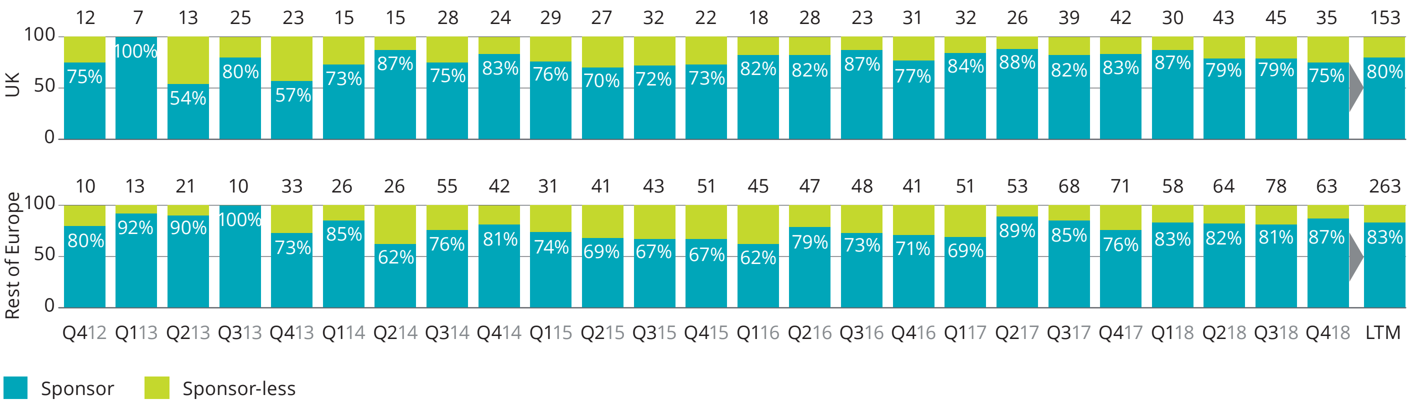
Key advantages

Key advantages of using Alternative Lenders to fund a buy and build strategy may include:

- Accelerate the growth of the company and exponentially grow the shareholder value in a shorter time period.
- No separate equity raising required as Alternative Lenders can act as a one stop solution providing debt and minority equity.
- Significant capital that Alternative Lenders can lend to a single company (€150-300m) making Alternative Lenders ideal for long term partnership relationships and follow on capital for multiple acquisitions.

Sponsor backed versus private Direct Lending deals

As % of total deals per quarter



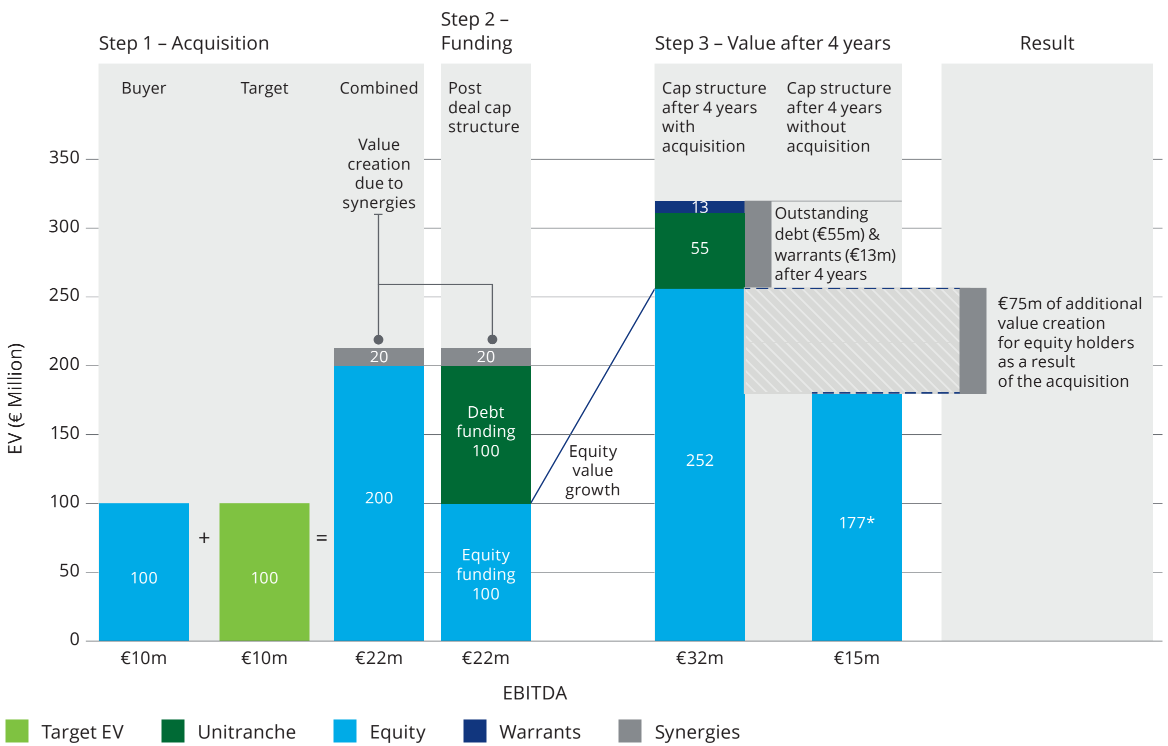
Unlocking transformational acquisitions for privately owned companies

Indicative calculations

- The calculations on this page illustrate the theoretical effect of value creation through acquisitions financed using Alternative Lenders.
- In this example equity value grows from £100m to £252m in 4 years time. Without the acquisition, the equity value would have been only £177m, using the same assumptions and disregarding any value creation as a result of multiple arbitrage.

Value creation through M&A

Indicative calculations



*EV is c.€147m and with c.€30m cash on balance sheet brings the equity value to c.€177m.

Assumptions

- Both business generate £10m EBITDA with £2m potential synergies
- No debt currently in the business
- Cost of debt is 8% with 5% penny warrants on top
- 10% EBITDA growth pa; 75% Cash conversion; 20% Corporate tax rate
- No transaction costs

Deloitte Debt and Capital Advisory

What do we do for our clients?

Debt and Capital Advisory

Independent advice

- We provide independent advice to borrowers across the full spectrum of debt markets through our global network.
- Completely independent from providers of finance – our objectives are fully aligned with those of our clients.

Global resources & execution expertise

- A leading team of 200 debt professionals based in 30 countries including Europe, North America, Africa and Asia, giving true global reach.
- Our expertise ranges from the provision of strategic advice on the optimum capital structure and available sources of finance through to the execution of raising debt.

Market leading team

- Widely recognised as a Global leader with one of the largest Debt Advisory teams.
- We pride ourselves on our innovative approach to challenging transactions and the quality of client outcomes we achieve, using our hands on approach.

Demonstrable track record

- In the last 12 months, we have advised on over 100 transactions with combined debt facilities in excess of €10bn.
- Our target market is debt transactions ranging from €25m up to €750m.

Debt and Capital Services provided

Refinancing

- Maturing debt facilities
- Rapid growth and expansion
- Accessing new debt markets
- Recapitalisations facilitating payments to shareholders
- Asset based finance to release value from balance sheet
- Off balance sheet finance
- Assessing multiple proposals from lenders

Acquisitions, disposals, mergers

- Strategic acquisitions, involving new lenders and greater complexity
- Staple debt packages to maximise sale proceeds
- Additional finance required as a result of a change in strategic objectives
- FX impacts that need to be reflected in the covenant definitions
- Foreign currency denominated debt or operations in multiple currencies

Restructuring or negotiating

- New money requirement
- Real or potential breach of covenants
- Short term liquidity pressure
- Credit rating downgrade
- Existing lenders transfer debt to an Alternative Lender group
- Derivatives in place and/or banks hedging requirements to be met

Treasury

- Operations in multiple jurisdictions and currencies creating FX exposures
- Develop FX, interest rate and commodity risk management strategies
- Cash in multiple companies, accounts, countries and currencies
- Hedging implementation or banks hedging requirements to be met

Depth and breadth of expertise in a variety of situations

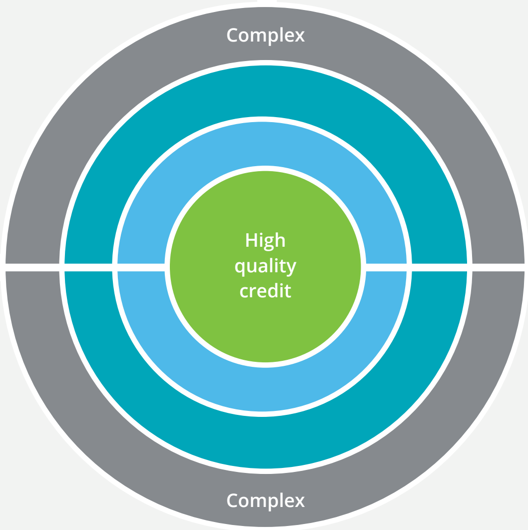
How complex is your credit?

Sector

Growth	Volatile	Stable
Cyclicality	High	Low
Seasonality	High	Low
Scarcity of product	Commodity	High value-add
Changing regulatory environment	High	Low

Market position & Clients

Low	High	Market share
Many	Few	Competitors
Few	Many	Barriers to entry
High	Low	Customer concentration
High	Low	Supplier concentration



Management quality	Low	High
Corporate Governance	Weak	Strong
Shareholder commitment	Low	High
Jurisdiction	Difficult	Easy

Management, Shareholders & Jurisdiction

Volatile	Stable	Stable performance
Low	High	Cash generation
High	Low	Leverage
Low	High	Asset coverage

Financial Performance

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One of the most successful Debt and Capital Advisory teams

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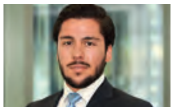

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Deloitte Debt and Capital Advisory credentials

Selected Global transactions

UK	A-Plan	*Refinancing*	Feb 2019	Undisclosed
Belgium	Combell	*Acquisition Financing*	Feb 2019	Undisclosed
UK	Sterling Pharma	*Acquisition Financing*	Feb 2019	Undisclosed
UK	Access	*Acquisition Financing*	Feb 2019	Undisclosed
Germany	Mobility Concept	*Acquisition Financing*	Feb 2019	Undisclosed
UK	Port of Tyne Authority	*Refinancing*	Jan 2019	£60m
UK	Commify	*Refinancing*	Jan 2019	Undisclosed
UK/US	GHO Capital LLP	*Acquisition Financing*	Dec 2018	Undisclosed
Hungary	HELL Energy Group	*Refinancing*	Dec 2018	€130m
UK/Romania	Chimcomplex	*Acquisition Financing*	Dec 2018	€164m
UK	Aurora	*Refinancing*	Dec 2018	£50m
UK	Equitix	*Refinancing*	Dec 2018	£140m
UK	Citation	*Refinancing*	Dec 2018	Undisclosed
UK	Xceptor	*Refinancing*	Dec 2018	Undisclosed
UK	Centric Health	*Refinancing*	Dec 2018	Undisclosed
Netherlands	Nordian – IGS	*Refinancing*	Nov 2018	Undisclosed
Netherlands	Basecamp –TSH	*Growth Financing*	Nov 2018	€55m
UK	James Grant	*Acquisition Financing*	Nov 2018	£90m
UK	Core Assets Group	*Acquisition Financing*	Nov 2018	Undisclosed
UK/Germany	STP	*Acquisition Financing*	Nov 2018	Undisclosed
NL/Curacao	Aqualectra	*Refinancing*	Nov 2019	ANG325m
UK	Dbay Advisors	*Refinancing*	Nov 2018	£300m
UK	Hg Capital	*Refinancing*	Nov 2018	£165m
UK	SJP	*Securitisation*	Oct 2018	Undisclosed

Country	Company	Deal type	Date	Amount
UK	Safestyle UK	*Refinancing*	Oct 2018	£7.5m
UK	SSP	*Refinancing*	Oct 2018	Undisclosed
UK	Safestyle UK	*Refinancing*	Oct 2018	£7.5m
Netherlands	Five Degrees	*Growth Financing*	Oct 2018	Undisclosed
UK	Medifox	*Acquisition Financing*	Oct 2018	Undisclosed
UK	Inflexion	*Acquisition Financing*	Oct 2018	Undisclosed
UK	Card Factory	*Amend & Extend*	Sep 2018	£200m
UK	Pets at Home	*Refinancing*	Sep 2018	£260m
UK	Sequence Healthcare	*Refinancing*	Sep 2018	£22.5m
UK/US	Sovos Compliance	*Acquisition Financing*	Sep 2018	Undisclosed
UAE/UK	Project Emoji – Undisclosed	*Acquisition Financing*	Sep 2018	Undisclosed
UK	ByBox	*Acquisition Financing*	Sep 2018	Undisclosed
UK	Education Personnel	*Refinancing*	Sep 2018	Undisclosed
UK	Phoenix Equity Partners	*Debt Advisory*	Aug 2018	£20m
UK/Denmark	It Relation A/S	*Acquisition Financing*	Aug 2018	Undisclosed
UK	Macquarie Group	*Acquisition Financing*	Aug 2018	Undisclosed
France	Latécoère	*Debt Advisory*	Aug 2018	Undisclosed
Canada	Canaccede Financial	*Sub-Debt Financing*	Jul 2018	Undisclosed
Ireland	Lonsdale Capital Partners	*Acquisition Financing*	Jul 2018	Undisclosed
UK/Ireland	Applegreen	*Acquisition Financing*	Jul 2018	€300m
UK/Italy	Dada	*Refinancing*	Jul 2018	Undisclosed
UK	Bridgepoint	*Acquisition Financing*	Jun 2018	£62m
UK	Gala Bingo	*Refinancing*	Jun 2018	Undisclosed
UK	Wood	*Receivables Refinancing*	Jun 2018	Undisclosed

Selected Global transactions

Country	Company	Transaction	Date	Amount
UK	Carpetright	*Amend & Extend*	Jun 2018	£90m
UK	Auto Trader	*Amend & Extend*	Jun 2018	£400m
Netherlands	Egeria – JET Group	*Refinancing*	Jun 2018	€105m
UK/Ireland	Vision Blue Solutions	*New Debt Raising*	Jun 2018	Undisclosed
Netherlands	PCI	*Bridge Financing*	Jun 2018	Undisclosed
UK	NBS	*Acquisition Financing*	Jun 2018	Undisclosed
Canada	Confidential	*Permanent Financing*	Jun 2018	CAN$500m
UK	Findel	*Amend & Extend*	Jun 2018	£100m
Ireland	Confidential	*Growth Financing*	Jun 2018	Undisclosed
Ireland	Park Developments	*New Debt Raising*	Jun 2018	Undisclosed
Ireland	JJ Rhatigan	*New Debt Raising*	Jun 2018	Undisclosed
Netherlands	Egeria – Trust	*Acquisition Financing*	May 2018	€75m
Ireland	Corrib Oil	*Growth Financing*	May 2018	Undisclosed
UK	Hg Capital	*Staple Financing*	May 2018	Undisclosed
UK	Iris	*Staple Financing*	May 2018	Undisclosed
UK	Allocate	*Acquisition Financing*	May 2018	Undisclosed
South Africa	PPC South Africa	*Term Sheet Review*	Apr 2018	ZAR2.5bn
Ireland	UPMC	*New Debt Raising*	Apr 2018	Undisclosed
Ireland	Danu Partners	*Refinancing*	Apr 2018	€20m
UK	Foundry	*Acquisition Financing*	Apr 2018	Undisclosed
UK	Access	*Acquisition Financing*	Apr 2018	Undisclosed
UK	Kinapse	*Refinancing*	Apr 2018	Undisclosed
UK	Inflexion	*Acquisition Financing*	Apr 2018	Undisclosed
Netherlands	Bolster	*Acquisition Financing*	Apr 2018	Undisclosed

Country	Company	Deal type	Date	Amount
Canada	Merchant Advance Capital	*Fund Raise*	Mar 2018	CAN$30m
UK	DMGT	*Refinancing*	Mar 2018	£400m
UK	Project Luther	*Refinancing*	Mar 2018	£400m
UK	A-Plan	*Bolt-on Financing*	Mar 2018	Undisclosed
UK/Ireland	Lowe Rental	*Staple Financing*	Mar 2018	Undisclosed
Netherlands	Newport Capital	*Acquisition Financing*	Mar 2018	Undisclosed
UK	Fundinfo	*Acquisition Financing*	Mar 2018	Undisclosed
UK	Dada	*Acquisition Financing*	Feb 2018	Undisclosed
Netherlands	Qbuzz	*Lease Financing*	Feb 2018	Undisclosed
Netherlands	International Car Leasing	*Conduit Refinancing*	Feb 2018	Undisclosed
UK	Countrywide	*Finance Amendment*	Jan 2018	£250m
UK	Vets4Pets	*Refinancing*	Jan 2018	£80m
UK	Hg Capital	*Refinancing*	Jan 2018	Undisclosed
UK	Westfalia	*Acquisition Financing*	Jan 2018	$140m
France	Latécoerè	*Refinancing*	Dec 2017	€55m
UK	Forest Holidays	*Acquisition Financing*	Dec 2017	Undisclosed
UK	Riviera Travel	*Acquisition Financing*	Dec 2017	Undisclosed
UK	Domino's Group	*Refinancing*	Dec 2017	£350m
Denmark	Norli Pension	*Acquisition Financing*	Dec 2017	€37m
Denmark	Kalaallit Airports	*Capex Financing*	Dec 2017	€250m
Denmark	Koncenton	*Acquisition Financing*	Dec 2017	€35m
Netherlands	Multraship	*Refinancing*	Dec 2017	€60m
Netherlands	easyGYM	*Growth Financing*	Dec 2017	Undisclosed
Netherlands	Kouwenberg	*Acquisition Financing*	Dec 2017	€7m

Notes

Notes

Notes

Important Notice in relation to page 12-13

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