Brexit: Opportunity or threat?

Deloitte Alternative Lender Deal Tracker Q1 2016

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This issue covers data for the first quarter of 2016 and includes 63 alternative lender deals, representing an increase of 8% in deal flow on a LTM basis in comparison with the previous year.

Introduction

Deloitte Alternative Lender Deal Tracker

Welcome to the eleventh issue of the Deloitte Alternative Lender Deal Tracker which now covers 46 leading alternative lenders, with whom Deloitte is tracking primary mid-market deals across Europe. The number of deals reported on has increased to 713 transactions over the past 14 quarters. This issue covers data for the first quarter of 2016 and includes 63 alternative lender deals, representing an increase of 8% in deal flow on a LTM basis in comparison with the previous year.

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From being a hypothetical possibility; Brexit has now become a reality that created an earthquake in the financial markets immediately after the UK referendum result on 24 June 2016.

In the UK mid-market Brexit will likely mean in the short term a flight to quality from bank lenders and more restrictive financing conditions until there is more visibility on what the ramifications will be for the UK and potential contagion in market confidence globally. For direct lenders who have locked in capital this will create opportunities as banks will likely become more risk averse, therefore accelerating the growth of the non-bank alternative lending market.

As the Direct Lending market is evolving and rapidly becoming an asset class in its own right with currently in excess of 300 direct lending professionals active in Europe, this edition includes a summary of those professionals by country and seniority and an overview of some of the most recent moves.

We also focus upon direct lending fund raising activity in Europe which after two record years has paused for breath at the start of 2016. As such, we are pleased to include interviews with seasoned participants in the direct lending market including limited partner investors, direct lending managers, and advisors.

The number of deals reported on has increased to 713 transactions over the past 14 quarters

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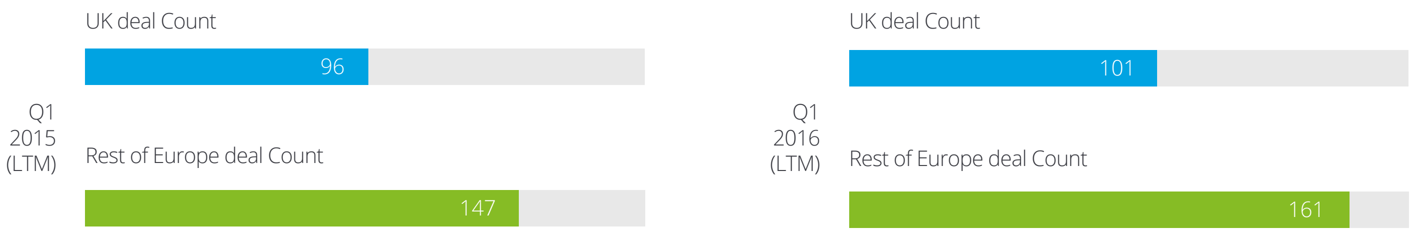
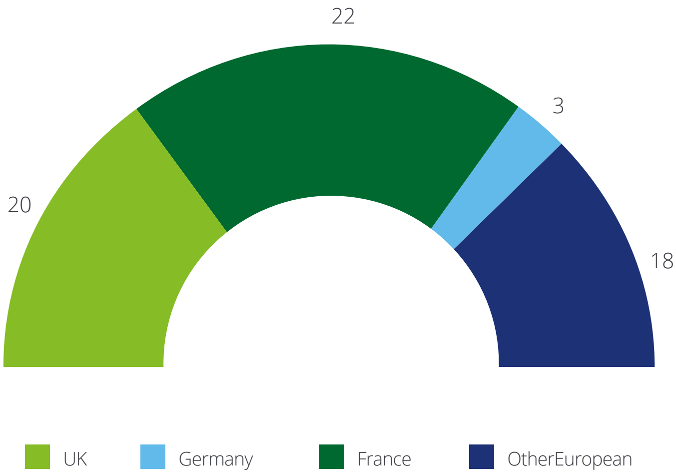
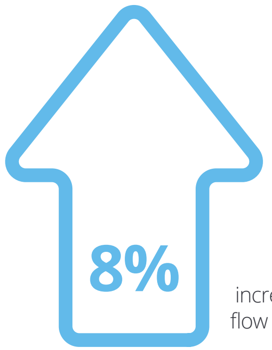
Q1 headline figures (last 12 months)



Q1 2016 deals completed





increase in deal flow year-on-year

deals completed

Leverage loan mid-market trends for direct lenders

From being a hypothetical possibility; Brexit has now become reality that created an earthquake in the financial markets immediately after the referendum result on 24 June 2016.

As a market shock, Brexit has some elements in common with the failure of Lehman Brothers in 2008. That was an economic shock, which threatened the solvency of the banking system and triggered a credit crunch. Brexit is a political shock; its impact on the economy is more indirect, at least in the short term, and comes via financial markets and the knock on effects on business and consumer confidence.

Post Brexit we see a flight from riskier assets, such as Sterling and equities, to safer assets such as gold, government bonds, the Yen and the Dollar. If sustained, declining financial market risk appetite tends to feed through to weaker risk appetite in the corporate sector. Companies react by battening down hatches, paring investment and sharpening their focus on cost control.

Foreign investors may also pause and hold back on investing in the short term. In a worst case scenario; protracted UK exit negotiations with the EU could potentially generate a recession, if consumers who account for two-thirds of GDP stop consuming, as they did in 2009-10. The worry is that a toxic combination of uncertainty and a squeeze on spending power from high inflation and weaker earnings might do just that.

For companies in the mid-market, Brexit will likely mean in the short term a flight to high quality credits by bank lenders and more restrictive financing conditions in the short term until there is more visibility on what the ramifications of Brexit will be for the UK. For direct lenders who have locked in capital this will create opportunities as banks will likely become more risk averse and therefore accelerate the growth of the non-bank alternative lending market.

Following two record years, European direct lending fundraising had been down in YTD May 2016 by c.80% versus last year (see p. 24) partly due to market volatility in February and concerns around Brexit. Furthermore, whilst the number of new direct lending funds being established is slowing down; going forward fundraising will be increasingly driven by the natural replacement cycle of existing direct

Opportunities exist for more risk tolerant funds in financing more complex situations in Europe.

As the direct lending market continues to evolve and mature with now in excess of 300 professionals engaged in the sector in Europe there has been a significant increase in newly launched direct lending funds targeting smaller mid market companies for bilateral loans (below <€15m of debt).

In the main mid-market (€30m-€250m of debt) most funds are still focussed on sponsor backed deal flow with targeted IRR's of 7-9%. However, more interesting opportunities exist for more risk tolerant funds who can fill the current gap between direct lenders and special situations funds and are looking for unlevered IRR's of 10-12% for more complex situations in Europe which do not fit the investment criteria of banks nor mainstream direct lenders.

More broadly looking at other alternative credit strategies; US distressed managers are raising record funds to take advantage of an expected turn in the cycle in the US. In our view, direct lending funds with a more flexible mandate in terms of investment in the secondary market will increasingly take advantage of potential future market dislocations to boost their return profiles.

Overall the direct lending asset class has performed well to date. So far the number of defaults have been relatively small, albeit 2016 has seen a number of covenant reset processes in the mid market which were few and far between in 2015.

In short; Deloitte is expecting increased volatility in the capital markets in the second half of 2016, combined with continued subdued levels of M&A and risk adversity until there is more clarity on the implications of Brexit. Whilst this represents a threat in the near term, it also reflects an opportunity for alternative lenders with flexible lending mandates who are better placed to ride market volatility and can take advantage of dislocated markets.

lending funds and overall fund size increases for the second or even tertiary funds. Currently, there are at least 100 lenders seeking aggregate commitments in excess of US$40 billion in the market as of June 2016.

Alternative lending in action: Direct Lenders support the growth of Verastar

Verastar, formerly known as Universal Utilities, started life as an electricity broker in the late 1990s. The company grew steadily over the next twenty years to become a business with a customer base of approximately 120,000 and broadened its portfolio of services to include fixed line telecommunications and mobile phone services for the micro SME market (companies with up to 10 employees). In 2011, the company was bought by Vitruvian, a European focused private equity firm.

VERASTAR

Prior to the acquisition by Vitruvian, the company was not levered. When Paul Doherty, CFO of Verastar joined the company shortly after the LBO by Vitruvian, there was a financing structure in place that included Senior Debt, Mezzanine and loan notes (PIK). As Paul puts it: ***"It was expensive, but we had no wider view on the options at that time as we had no direct relationships with lenders".***

Paul then went on to establish relationships with predominantly bank institutions. Bringing Lloyds Banking Group into the structure streamlined the company's debt facilities, enabling the mezzanine tranches to be replaced by a hybrid debt structure of revolving and Unitranche facilities. Although this new structure was considered a significant step forward, and the relationship with a high street lender added credibility to Verastar's position, Paul was concerned about the lack of flexibility the arrangement afforded which restricted the Company in its growth aspirations.

Fast forward to January 2015 and by this point Verastar was on track to be a £100m revenue business. It had successfully diversified its product base and broken into new markets. Paul says, ***"our profit and cash generation were great; we were rapidly paying down debt, but inefficiencies remained on the balance sheet".*** Verastar then engaged Deloitte to provide an analysis of what the debt markets could offer.

"...we have a small number of partners for a significant quantum of debt, so the conversations are fewer all round. We have a straightforward, understanding relationship which really works for me."

Following this exercise, Verastar decided to enter into a relationship with Ares Management, in a deal which enabled the repayment of shareholder and vendor loan notes and the existing debt funding. Paul explains, ***"we met our primary objective of securing a structure that gave us the flexibility we desired. We quickly formed a strong relationship with Ares, who were extremely supportive throughout the deal process."***

Lloyds Banking Group reacted extremely positively to what was proposed, so what was eventually agreed was a pioneering structure with Lloyds as the term debt lender in front of a unitranche. Paul characterises his relationship with the two lenders as ***"seamless: we have a small number of partners for a significant quantum of debt, so the conversations are fewer all round. We have a straightforward, understanding relationship which really works for me".*** He finds the new structure, also known as a bifurcated Unitranche, to be ***"a great enabler, with the previous restrictions gone."***

For those companies potentially considering the debt markets as a means of funding, Paul has the following advice to give: ***"Look at your plan for the next five years, and if you're planning on staying in private debt markets, you should definitely be aware of this kind of debt structure: it can provide you with an ease of dealing and a flexibility that could be additive to your business."***

Paul Doherty
CFO – Verastar

The Next Generation Service Provider
Since 1998, Verastar has been providing small businesses with the essential business services they need.

Verastar has a strong portfolio of brands and employs over 640 people in 14 offices throughout the UK. The company has a large, diverse customer base, encouraged by competitive pricing. Their unique and dynamic approach to customer service has resulted in the company growing total customer contracts year-on-year since 2005.

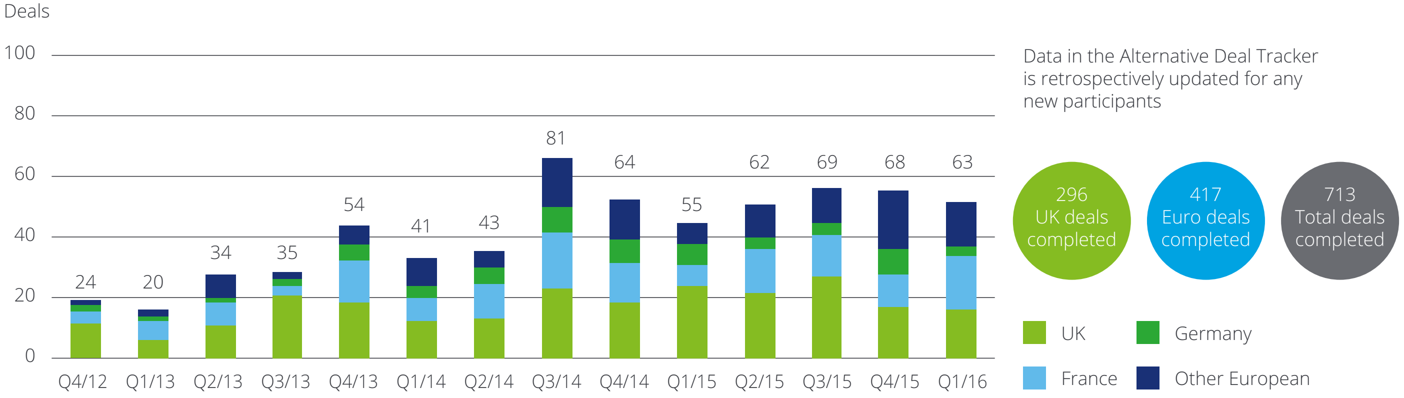
Verastar offers a range of essential business services across telecommunications, water and energy. No other provider offers this mix. As these markets open to increased competition, people are switching away from the incumbents. Thanks to this change, Verastar is achieving double-digit growth rates. The spectrum of products and services its brands offer is not just restricted to utilities and their offer is constantly expanding to meet the needs of its customers.

Alternative Lender Deal Tracker Q1 2016

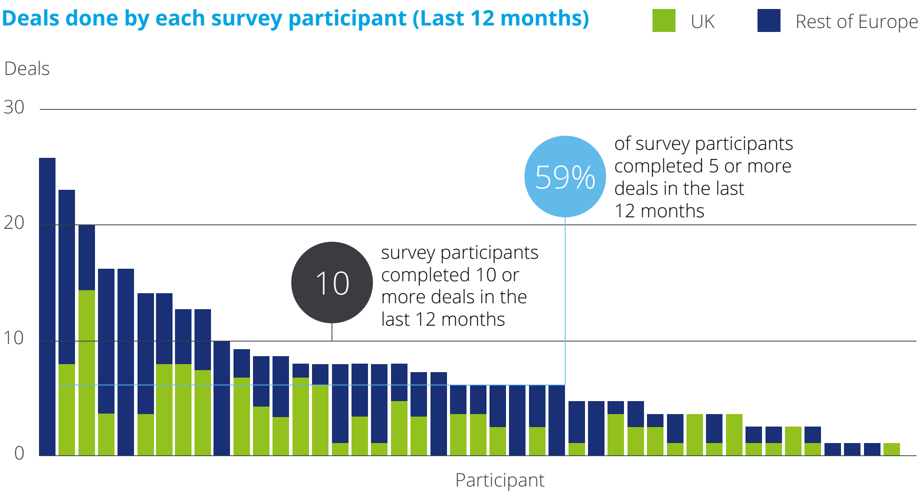
Alternative lenders continue to increase their deal flow…

Alternative Lender Deal Tracker

Currently covers 46 leading alternative lenders. Only primary mid-market UK and European deals are included in the survey.

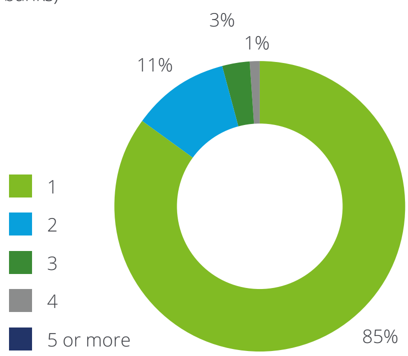


Deals done by each survey participant (Last 12 months)



Number of lenders per transaction (Last 12 months)

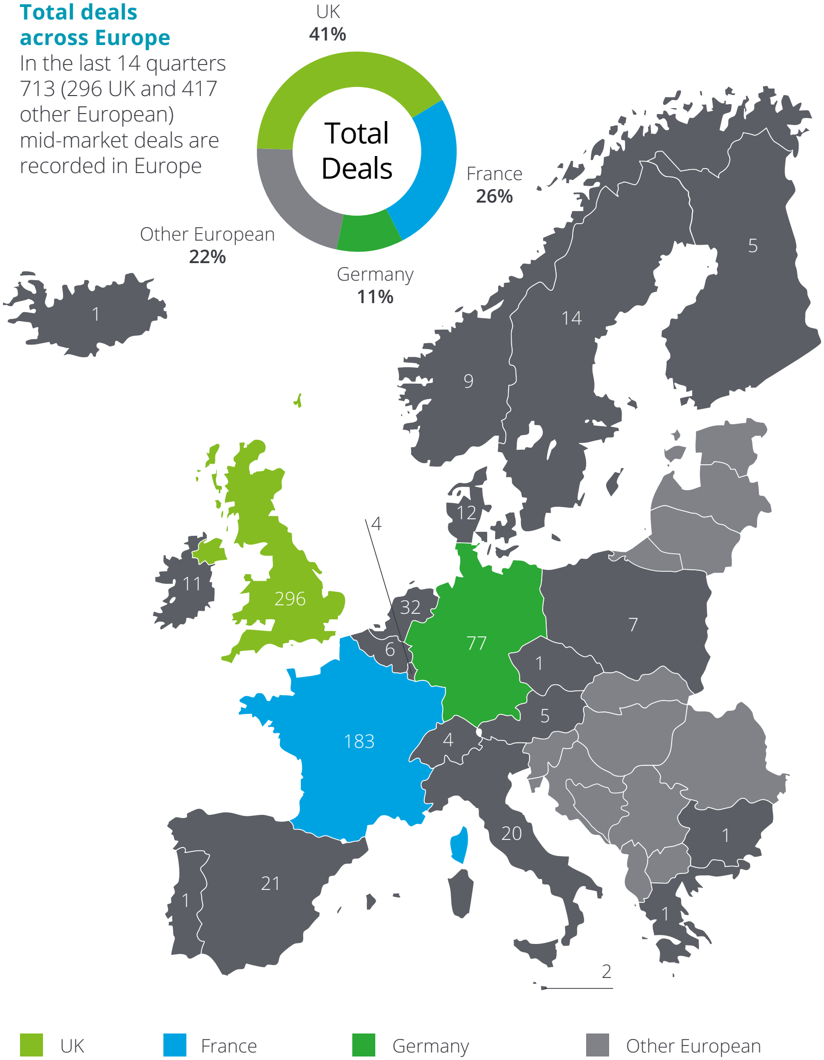
85% of the transactions in the last 12 months were bilateral deals between borrower and Direct Lender (excluding RCFs provided by banks)



...across Europe and across industries...

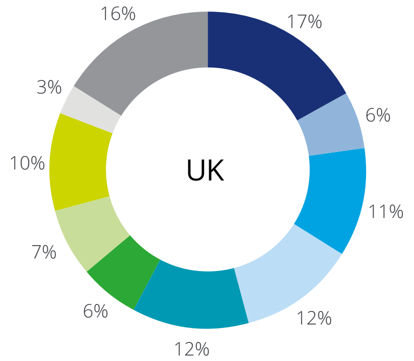
Total deals across Europe

In the last 14 quarters 713 (296 UK and 417 other European) mid-market deals are recorded in Europe

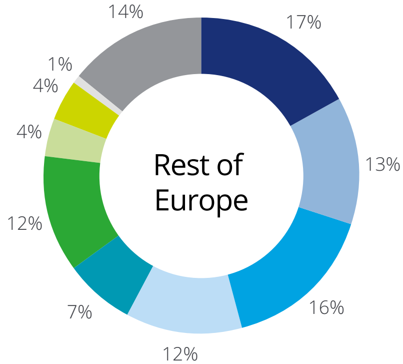


Total deals across industries (Last 12 months)

Within the UK the TMT industry has been the prevalent user of alternative lending with 17% followed by Business, Infrastructure & Professional Services and Leisure with both 12%



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



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

...providing bespoke structures for mainly "event financing" situations

Deal purpose (Last 12 months)

The majority of the deals are LBO related, with 45% of UK transactions and 53% of Euro deals being used to fund a buy out. Of the 262 deals in the last 12 months, 77 deals did not involve a private equity sponsor.

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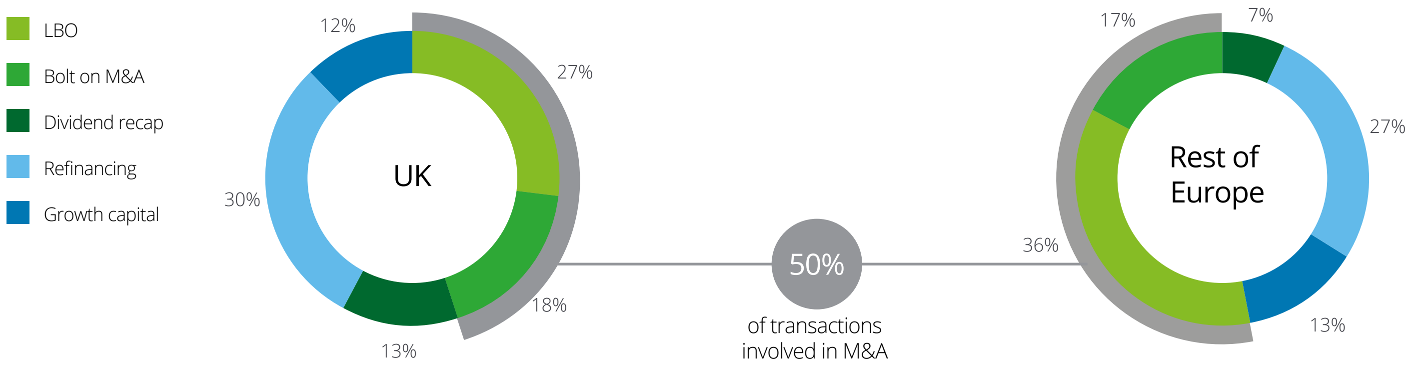
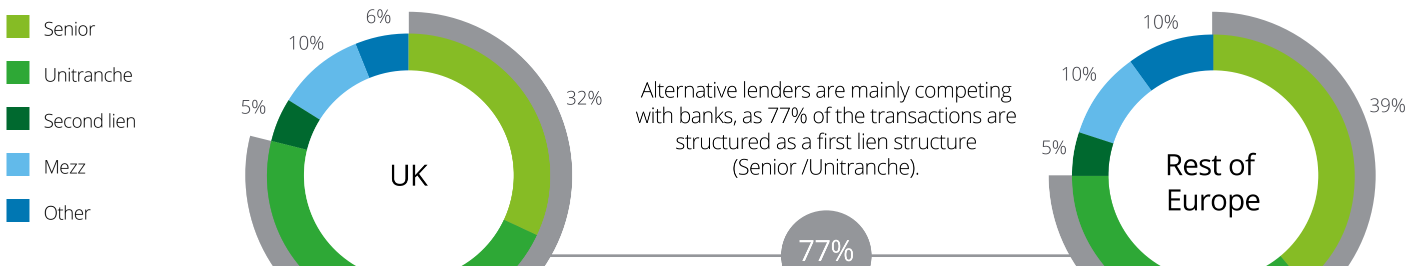


Structures (Last 12 months)

"Unitranche" is the dominant structure, with (47% of UK and 36% of other European) of the transactions classified as a Unitranche structure. Subordinate structures represent only 23% 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.

Direct Lending Professionals – Key statistics and recent moves

Direct Lending Professionals

The Direct Lending market is evolving and rapidly becoming an asset class in its own right, with over 300 Direct Lending professionals now active in the European market, of which 75% are based in the UK. France follows with 14%.

The great migration of managers into Direct Lending that we have seen over the last 3 years will slow down as most large asset managers have now established their own Direct Lending Teams. However, moves from and to Direct Lenders will continue on a more stable basis.

Our aim in this section is to track the total headcount size of the European Direct Lending market, and provide insights in the demographics in terms of level of seniority, geographical spread and gender diversification. Data shows that the sector is very much senior driven with over 55% being in a level of Director/Principal or Partner/MD.

Also provided is a summary of recent moves and new recruits of Direct Lenders. Not included are those moves which we are aware are happening but are not yet public.

Bruce Lock
Managing Director of Paragon Search Partners

Paragon Search Partners

Bruce Lock is the founder and Managing Director of Paragon Search Partners, a London based search firm focused on the global leveraged and acquisition finance markets, investment banking and private equity.

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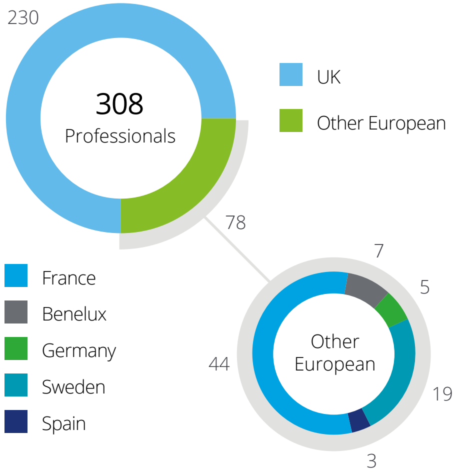
Or to contact Bruce by phone the direct number is +44 (0) 20 7717 5001.

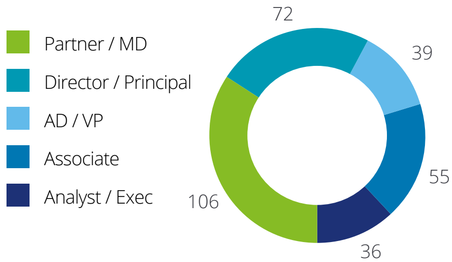
Direct Lending Professionals in Europe

In total there are currently over 300 Direct Lending professionals active in the European market of which 75% is based in the UK followed by France with 14%.



Direct Lending Professionals per job level

Of the total of c. 300 Direct Lending Professionals c. 14% is female.



*Please note: For the purposes of this analysis we have included the total investment team headcounts at 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.

Direct Lending Moves in Q1 2016

AIG	**Mark Rowe** joins as a Director from Lloyds
Ares Management	**Arnaud Gayet** joins the Paris team as a Vice President, from GE Paris
Beechbrook Capital	**Peter Kirtley** joins the SME fund as a Director, from Lloyds
BlackRock	**Theo Weber** joins to head the German direct lending group, from SMBC / GE
Five Arrows Credit Solutions	**Jerome Berthiau** joins the Paris team as an associate from Societe Generale
GIC	**Robin Jarratt** has been made Head of the Private Debt group
Goldman Sachs	**Felix Kirk** joins the ESSG Private Debt group from Ares as an Associate
HIG Whitehorse	**Herman Vocking** joins in Amsterdam from NIBC to head Benelux lending
KKR	**Mark Craig** joins as a Managing Director from Evercore's debt advisory team
Kreos Capital	**Matteo Giulivi** and **Krishnan Patel** join as analysts – graduate joiner and Barclays Bank respectively
Legal & General Investment Management	**Nicholas Bamber** joins as Head of Private Debt from Royal Bank of Scotland
LFPI Asset Management Paris	**Hugo Campagnoli** joins as a graduate analyst
Muzinich & Co	**Bernard Galea** joins the UK team as an Associate, from Lincoln International
Partners Group	**Krish Vaswani** joins from RBS and **Amit Chachlani** from Lazard, both as Investment Analysts
Pemberton Asset Management	**Nils Weber** joins the German based team as an Associate Director from Societe Generale
SL Capital	**Gianluca Lorenzon** joins as a Director from Bank of Ireland
TPG Special Situations	**Anne-Sophie Moinade** joins as an associate from JP Morgan

Direct lending attracts growing LP base

After several years of strong growth, the Direct Lending fundraising picture looks a little more mixed for 2016. However, the continued healthy appetite among limited partners and the development of their private debt programmes suggest that the longer term picture is still positive.

Times of upheaval create winners and losers and the financial crisis of the late 2000s is no exception. While banks have been forced to take a more cautious view of their investments and lending strategies in the light of Basel III capital requirements imposed on them, alternative lenders have stepped into the breach, providing companies and sponsors with debt offerings that range from private placements and more traditional senior debt through to unitranche, growth capital and structured equity. The growth of the market is evidenced by the global fundraising total seen in 2015, at US$36.0bn, up from just US$22.4bn in 2013 (see p. 23).

The US already had a well-developed non-bank lending market pre-crisis, but it's in Europe where growth has really taken hold for private debt funds over recent times. Indeed, in 2015, fundraising for Europe-focused Direct Lending vehicles surpassed that for North America-focused funds, with just nearly $19bn raised for the former over the year and US$14.9bn garnered by the latter, according to the latest figures (see p. 24).

Much of this growth was accounted for by some particularly large fundraisings in Europe, with three of the largest five funds of 2015 specifically Europe-focused and the other two with significant allocations to Europe.

An established part of the portfolio

While the figures so far suggest that 2016 may not be such a stellar year for Direct Lending fundraising globally and particularly in Europe – in part because fundraising totals are often lumpy in relatively nascent markets – the fact is that many limited partners now view Direct Lending as an important part of their investment strategy.

What may have started as a means to generate yield in a low interest environment for many investors has now become an established means of generating returns and for some a way of diversifying their portfolios. Since 2013, the fairway has broadened considerably in terms of both number and type of LPs that are interested in private debt funds.

"Most LPs have now heard the private debt story – in contrast to just a few years ago – and in some ways fundraising is like knocking on an open door," says Marc Ciancimino, Head of European Private Credit at KKR. *"Many LPs are very keen on the concept because they are looking for yield but with the added attraction of holding a senior position in the capital structure."* Indeed, KKR has recently reached a final close on its latest Europe-focused Direct Lending fund at US$850m, with total resources of US$1.3bn including leverage.

Mark Ciancimino
Head of European Private Credit at KKR

The range of funds now apparent in the market means that Direct Lending is an attractive area of investment for most types of investor, given the differing risk profiles and investment horizons of different strategies.

Wouter Mak at Credit Suisse Private Fund Group explains: *"Direct Lending funds provide LPs with a strong yield component and relatively robust downside protection. This is attractive to those with lower risk appetite and defined cash flow obligations, especially public pension plans, insurance companies and certain endowments."* Yet family offices, which traditionally have a higher risk appetite and are not seeking to meet future liabilities, are also looking to Direct Lending.

"For them, Direct Lending is seen as a good diversifier in their portfolios, balancing the risk-reward profile and providing a reliable source of cash flow," adds Mak.

"Direct Lending funds provide LPs with a strong yield component and relatively robust downside protection. This is attractive to those with lower risk appetite and defined cash flow obligations, especially public pension plans, insurance companies and certain endowments."

Wouter Mak
Director – Credit Suisse Private Fund Group

"We expect clients' allocations to private debt to continue to increase ... Many still have relatively small allocations, yet in order for private debt to have an impact on the overall portfolio, an allocation of 5% to 10% is recommended."

Urs von Büren
Swiss Capital Alternative Investments

More sovereign wealth funds are also entering the market and the increase in their appetite shows the direction of travel for many LP types: recent Preqin figures suggest that 35% of SWFs now invest in private debt, versus 24% in 2015.

And there is still plenty of scope for growth, with many still in the early stages of building out portfolios and exposure to the market. *"Even though allocations to private debt have increased, many LPs remain underweight in our view, particularly if comparing against the size of private debt markets globally,"* says Gregg Disdale, Global Head of Illiquid Credit at Willis Towers Watson.
"There is a lot of room for the asset class to grow substantially." Urs von Büren at Swiss Capital Alternative Investments agrees.
"We expect clients' allocations to private debt to continue to increase," he says.
"Many still have relatively small allocations, yet in order for private debt to have an impact on the overall portfolio, an allocation of 5% to 10% is recommended."

Gregg Disdale
Global Head of Illiquid Credit at Willis Towers Watson

"Even though allocations to private debt have increased, many LPs remain underweight in our view."

“For the early movers in this space, we’ve definitely seen yields come down and we are watching carefully as to where we are in the credit cycle in the US and Europe.”

Turning cycles

Nevertheless, while LPs continue to be attracted to the Direct Lending space, there are signs that many are becoming more cautious in their outlook and/or are shifting their allocation strategies as we move through the credit cycle – global corporate default rates were at their highest since the crisis, according to S&P figures, with 57 issuers in 2016 to early May, reflecting the volatile oil & gas markets as well as a slowdown in economic growth in the US and China.

“For the early movers in this space, we’ve definitely seen yields come down and we are watching carefully as to where we are in the credit cycle in the US and Europe,” says Sanjay Mistry, Director of Private Debt at Mercer. *“There may well be increased distressed opportunities on the horizon, although we wouldn’t automatically consider these for our various private debt funds and client portfolios as their risk characteristics place them firmly in the private equity, rather than private debt, bucket.”*

“We are minded to be cautious in the current environment,” agrees Disdale. *“That means we are more likely to favour senior or whole loan/unitranche investments over mezzanine now, given where asset values currently are. Defaults are likely to pick up over the coming period, albeit from very low levels and we may see more investor capital gravitating towards distressed debt than we’ve seen over recent years.”*

The other issue many LPs and their consultants are currently watching closely is competition. The rapid growth in the number of funds in Europe is leading some to be cautious about some pockets of the market. Many of the fundraisings seen in Europe last year – such as those completed by BlueBay, ICG and Ardian were second or third funds in the Direct Lending space, but there were also many new entrants to the market (see p. 33). *“We believe we are in the last third of the credit cycle. Therefore, we are mindful of increasingly borrower friendly structures and terms, particularly for M&A transactions,”* says von Büren.

“In Europe, the significant increase in the number of managers and committed capital at this late stage of the cycle is a concern. This means that the importance of manager selection in the right segment of the private debt spectrum is intensifying.” For Swiss Capital Alternative Investments, he adds, its focus on investing via separate accounts helps mitigate this as it enables the firm to set investment guidelines on behalf of clients as well as exclude certain transactions and industries.

Sanjay Mistry
Director of Private Debt at Mercer

Focus on manager selection

These factors, as von Büren suggests, mean that investors are sharpening their manager selection criteria. ***"We've seen noticeably different behaviour among LPs when it comes to manager selection over recent times,"*** says Max Mitchell, Head of Direct Lending at ICG. ***"Two years ago, they were looking at a much broader church; now we're seeing a flight to quality as investors are seeking out managers with a more established track record as they look to invest in a less risky way – that's to the clear benefit of blue chip names."***

LPs are also digging deeper as the prospect of more players chasing the same deals starts looming in Europe. While the usual factors of experience, risk profile of the fund's strategy and organisational culture all come in to play, the difficulty assessing track records in a space where few funds can point to longevity means that LPs are honing in on particular areas in their due diligence efforts. ***"Our clients have largely been investing in debt funds with predictable cash flows, so mainly in the Direct Lending and commercial real estate space, where they are seeking returns of between 7% and 10%,"*** says Carolyn Schuster-Woldan, Partner at Lane Clark & Peacock.

Max Mitchell
Head of Direct Lending at ICG

"...now we're seeing a flight to quality as investors are seeking out managers with a more established track record as they look to invest in a less risky way – that's to the clear benefit of blue chip names."

"We tend to encourage our clients to think in terms of their risk budget when assessing private debt investment opportunities, to look at whether they are being appropriately paid for the illiquidity of credit funds."

The portfolio allocation conundrum

The fact that Direct Lending funds cover a wide variety of strategies, have different risk-return profiles and are illiquid yet usually provide regular cash flows has presented something of a conundrum for many LPs: where does it sit within their portfolio?

"Private debt can fit within various parts of an investor's portfolio because it's such a varied offering," explains Gregg Disdale, Global Head of Illiquid Credit at Willis Towers Watson. *"We tend to encourage our clients to think in terms of their risk budget when assessing private debt investment opportunities, to look at whether they are being appropriately paid for the illiquidity of credit funds. There are clearly some private debt opportunities that are more equity-like and that therefore fit in alternative allocations, but the majority tend to fit within credit/fixed income portfolios."*

Sanjay Mistry, Director of Private Debt at Mercer adds: *"Most LPs we work with put their private debt exposure into fixed income, although it does move around according to the debt fund's risk profile. So, for plain vanilla senior-oriented strategies, fixed income is more appropriate, while for higher risk strategies, such as subordinated debt or higher octane senior debt, alternatives is often a better fit."*

Yet as the market develops, investors become more accustomed to the different features of Direct Lending and as their allocations increase, it is likely that many will follow the lead taken by some of the more experienced LPs in the asset class by creating a separate private debt bucket. *"Some investors allocate across the whole private debt space,"* says Mistry.

"And here, it doesn't really fit in either alternatives or fixed income and so they usually have a stand-alone part of the portfolio dedicated to it, although these do tend to be investors that have been in the market for a while."

It's a view shared by Henry Watson of Credit Suisse Private Fund Group. *"As LPs continue to build out their programmes, many who currently focus exclusively on buyouts are likely to develop an illiquid credit programme,"* he says. *"This would track the development of many LPs that are prominent in the space today."*

"Direct Lending is here to stay…It will become much more mainstream for investors. So far, it has provided some attractive returns and it's clear there is demand from SMEs that can't get financing from the more traditional sources. For investors, the opportunity is tangible."

Carolyn Schuster-Woldan
Partner at Lane Clark & Peacock

"Yet we do need to be cautious because if managers are taking more risk then that level of return becomes less attractive. We consider the quantum of leverage being used and at the quality and quantity of covenants."

She adds: *"We spend a lot of time assessing funds' sourcing networks and we want to see that managers can deploy capital in a disciplined way over a one to two-year period. We also assess managers' credit due diligence and look into their experience of work-outs from the previous cycle. This last point is particularly important if we are going into a period of increased defaults, but it can be hard to do because many of the funds are relatively new and haven't been through a more difficult economic environment."*

Fees and other terms also play an important role in helping LPs decide whether to commit to a fund, particularly as many are more accustomed to more traditional market fee levels. LPs and their consultants broadly welcome the shift away from private equity-style management fees on committed capital towards a model of fees on invested capital that has been seen across the Direct Lending space, although many would like to see further movement on hurdle rates and a closer alignment with fixed income-style levies.

Yet there is a caveat, says Mak. *"The market has become very competitive and there are some corners in Europe that are getting crowded,"* he says. *"The trend towards fees based on invested capital can create perverse incentives to put money to work, so mandates need to be sufficiently broad if terms are set this way."*

Future development

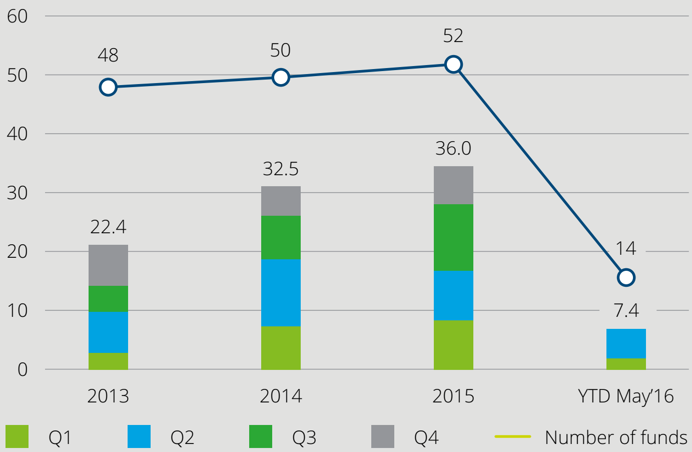
Looking ahead, many predict that there will be some kind of shake-out or consolidation among funds following a period of rapid growth. With LPs and their consultants focusing heavily in the due diligence on ability to source deals, it seems likely that those funds with proprietary deal flow that can avoid auction-style processes will be most successful in fundraising.

However, the longer term picture is brighter. Despite these concerns, the overall view among LPs and their consultants is that the Direct Lending space will remain an attractive – and permanent – area of investment. *"Just as we have seen a shift in many institutional investors of part of their public equities exposure towards more private equity investments, so we expect to see more fixed income shift towards private debt,"* says Mak.

And it seems that Europe in particular offers good prospects for LPs as it shifts from a bank-led financing economy to one characterised by a variety of alternative debt sources. *"Direct Lending is here to stay,"* adds Schuster-Woldan. *"It will become much more mainstream for investors. So far, it has provided some attractive returns and it's clear there is demand from SMEs that can't get financing from the more traditional sources. For investors, the opportunity is tangible."*

Direct Lending Fund raising

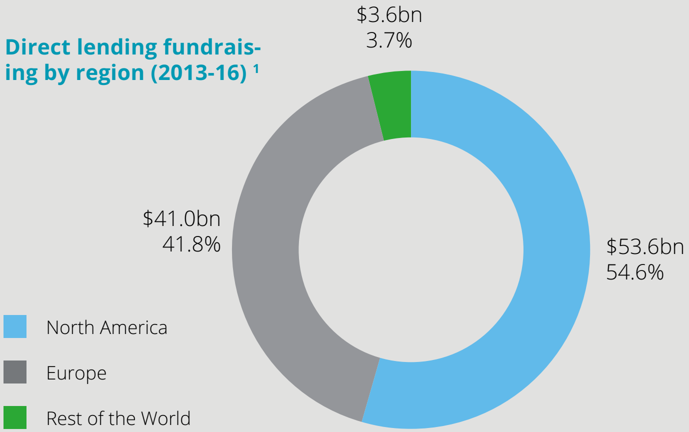
Global direct lending fundraising by quarter [1]



Funds with final closings in Q1 2016 [1]

- Babson Global Private Loan Fund **$2,000m** *(Global)*
- SJC Onshore Direct Lending Fund III **$1,738m** (*North America*)
- White Oak Summit Fund **$1,330m** (*North America*)
- KKR Direct Lending Europe **$850m** *(Europe)*
- Twin Brook Capital Partners Direct Lending Fund **$596m** *(North America)*

Direct lending fundraising by region (2013-16) [1]

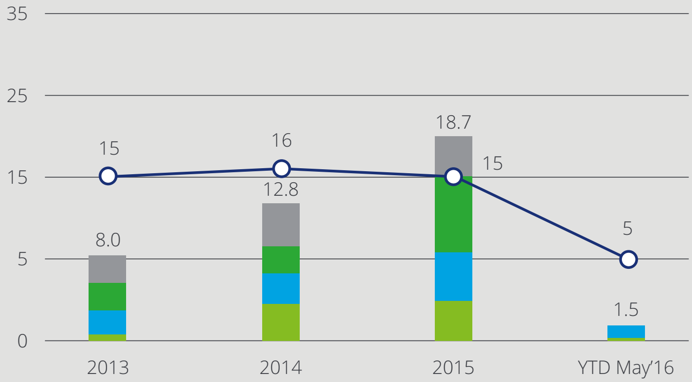


Largest funds with final closing in 2015 [1]

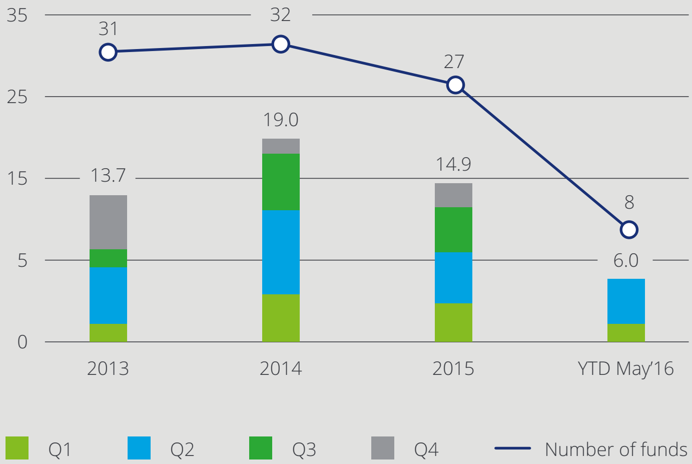
- ICG Senior Debt Partners II **€3,000m** *(Europe)*
- Ares European Loan Programme **€3,000m** *(Europe)*
- Park Square Capital Credit Opportunities **€2,100m** *(North America, Europe)*
- AXA Private Debt III **€2,000m** *(North America, Europe, Asia)*
- BlueBay Direct Lending Fund II **€2,000m** *(Europe)*

[1] Preqin, Credit Suisse Private Fund Group market knowledge.
Currency amounts are in millions.

Europe direct lending fundraising by quarter [1]



US direct lending fundraising by quarter [1]



Key takeaways [1]

- Fundraising for Direct Lending strategies slowed down significantly in H1 2016, raising only $7.4 billion, less than half of the capital raised in either H1 or H2 2015.
  - This slowdown was seen across all geographies but was most pronounced in Europe
  - Volatility in the capital markets in H1 2016 and the Brexit referendum have impacted fundraising activity
- A structural shift has however not been observed. Investors still have a strong and growing demand for Direct Lending products.
- The largest Direct Lending fund to be raised in H1 2016, is smaller than the five largest Direct Lending funds raised in 2015
- All five of the largest Direct Lending funds raised in H1 2016 were USD-denominated, while all five of the largest funds raised in 2015 were EUR-denominated
  - Points to a particular softening of the fundraising market for European Direct Lending in H1 2016 compared with the previous year
- Over 100 Direct Lending funds seeking aggregate commitments in excess of $40 billion remain in the market as of June 2016
  - European and North American funds together represent c 90% (each representing c. 45%) of the funds in the market by target size, with a larger number of smaller funds in the North American market

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

Insights into the 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 have 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 €200m).
- 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.


One-stop solution
Greater structural flexibility
Key benefits of Alternative Lenders
Speed of execution
Scale
Cost-effective simplicity

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 in early 2015 of a standardised documentation template by the Loan Market Association (LMA) is supportive to a Pan-European role-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

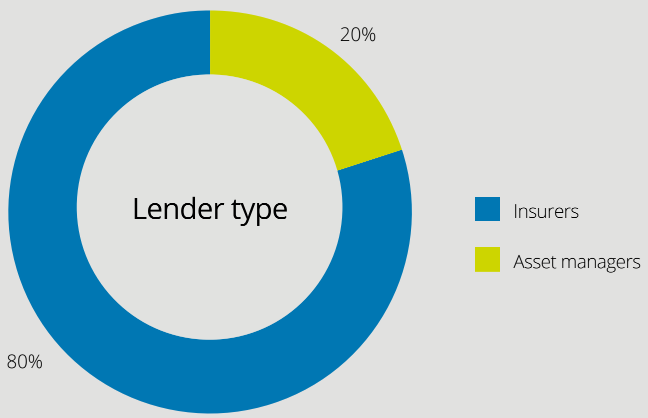
Main features of Euro PP

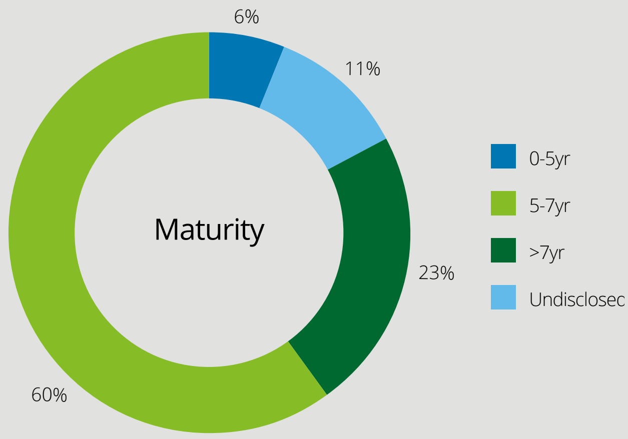
- Loan or bond (listed or non-listed) – If listed: technical listing/no trading/ no bond liquidity
- Usually Senior, Unsecured (possibility to include guarantees if banks are secured)
- No rating
- Minimum issue amount: €10m
- Pari passu with other banking facilities
- Fixed coupon on average between 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

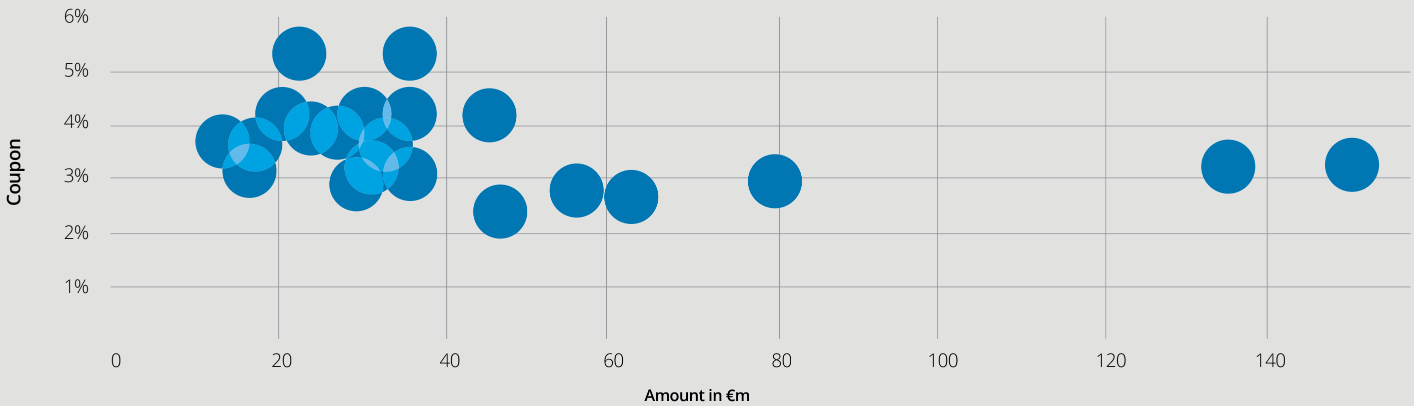
- ✓ Long maturity
- ✓ Bullet repayment (free-up cash flow)
- ✓ Diversification of sources of funding (bank disintermediation)
- ✓ Very limited number of lenders for each transaction
- ✓ Confidentiality (no public financial disclosure)
- ✓ Covenant flexibility and adapted to the business
- ✓ General corporate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

Key characteristics of Euro PP



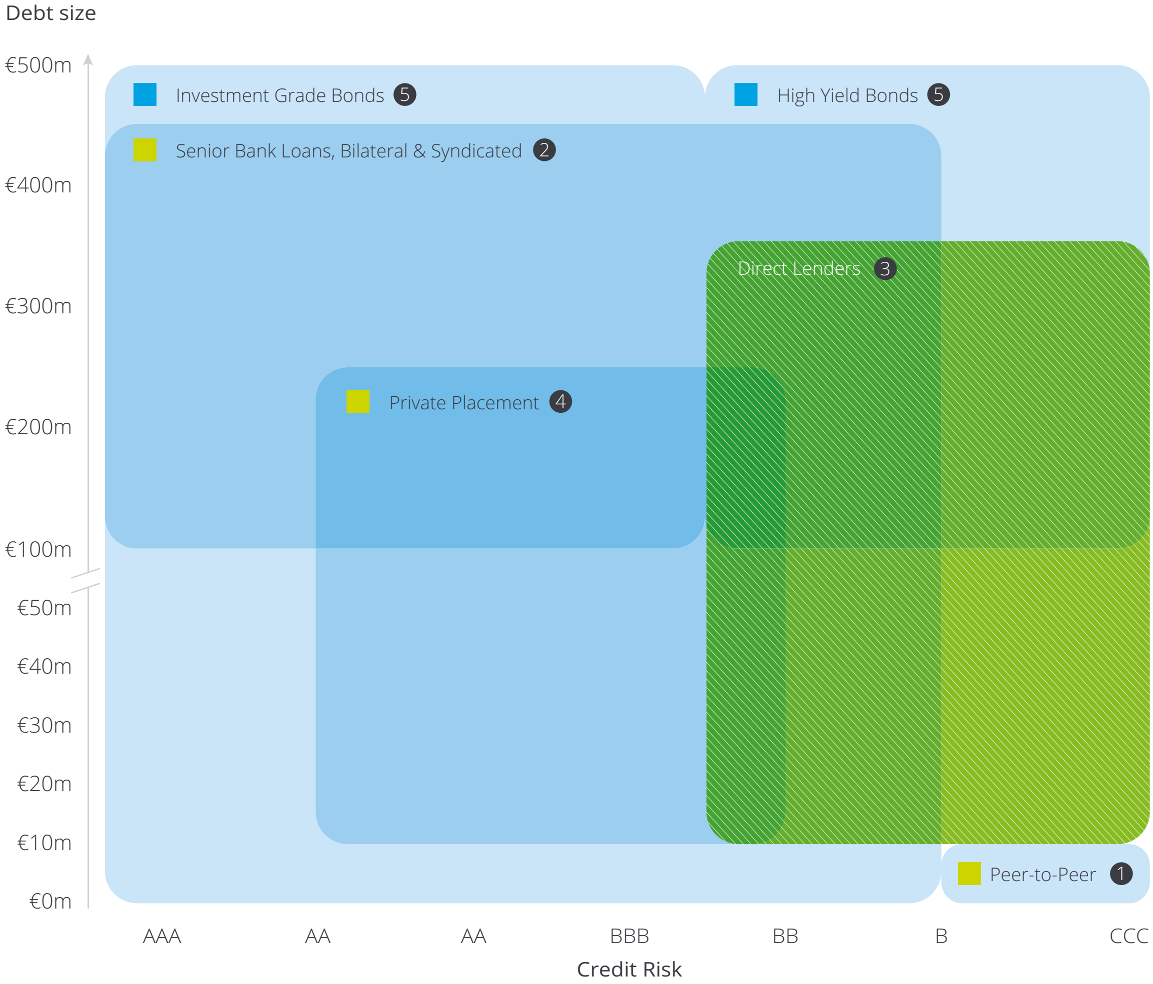


Euro PP (< €150m) deals in 2015 – coupon vs. amount



Source: Bloomberg, Agefi, Deloitteanalysis

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

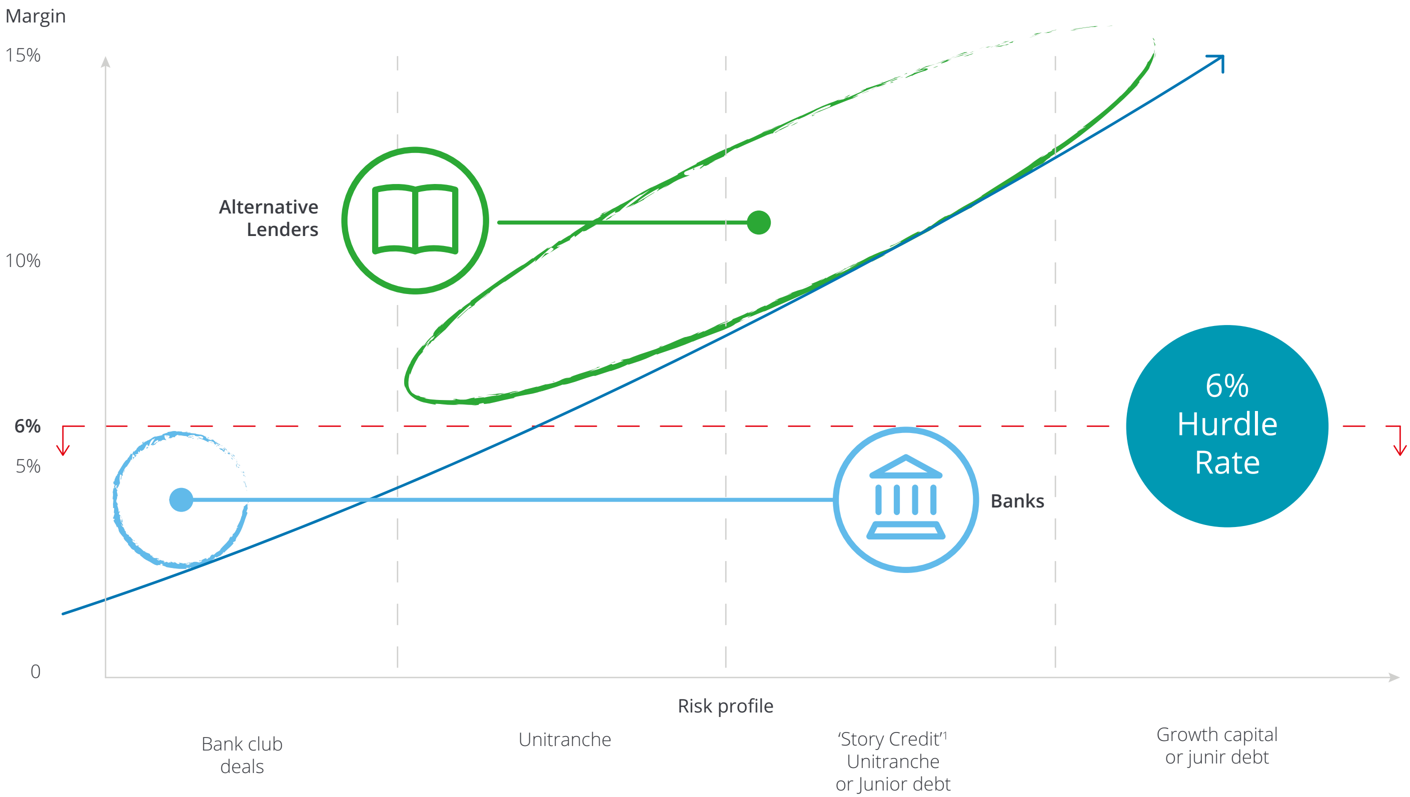


Cash flow debt products
The overview above focuses on the debt products available for Investment Grade and Sub-Investment Grade companies.

- Private Instrument
- Public Instrument

1 Peer-to-Peer
2 Senior Bank Loans, Bilateral & Syndicated
3 Direct Lenders
4 Private Placement
5 high Yield Bonds / Investment Grade Bonds

How do alternative lenders compete with bank lenders?



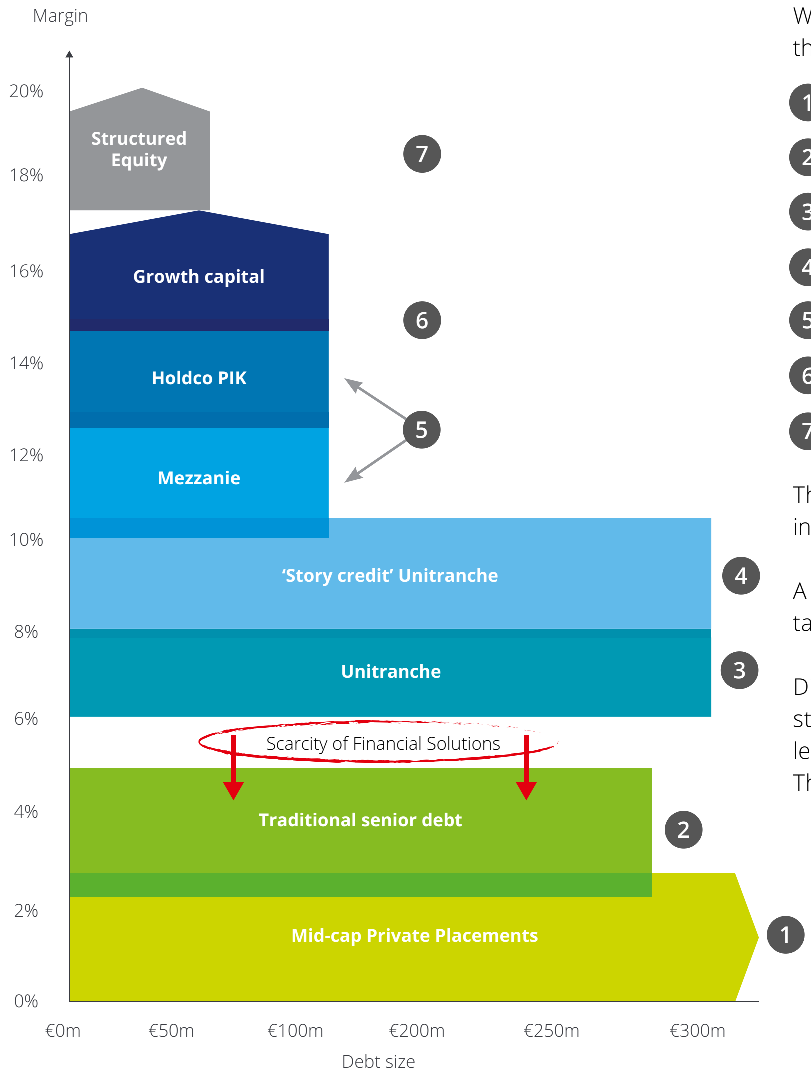
Leveraged loan banks operate in the 350bps to 600bps margin range providing senior debt structures to mainly companies owned by private equity.

Majority of the direct lenders have hurdle rates which are above L+600bps margin and are mostly involved in the most popular strategy of 'plain vanilla' Unitranche, which is the deepest part of the private debt market.

Other direct lending funds focus on higher yielding private debt strategies, including: 'Story' 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.

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

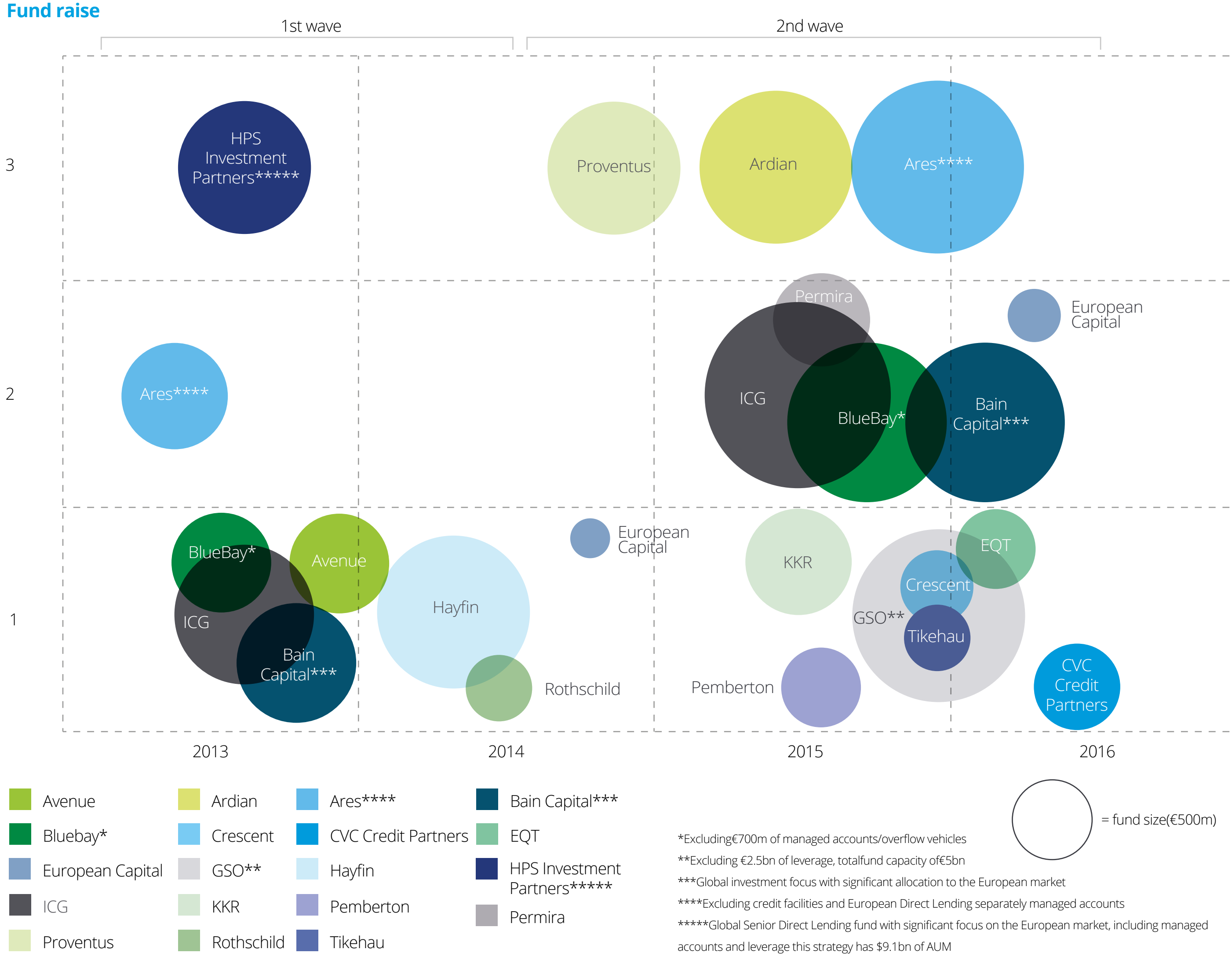
There is a limited number of alternative lenders operating in the L+450bps to L+600bps pricing territory.

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 much funds have been raised by which Direct Lending managers?

Fund raise



*Excluding€700m of managed accounts/overflow vehicles

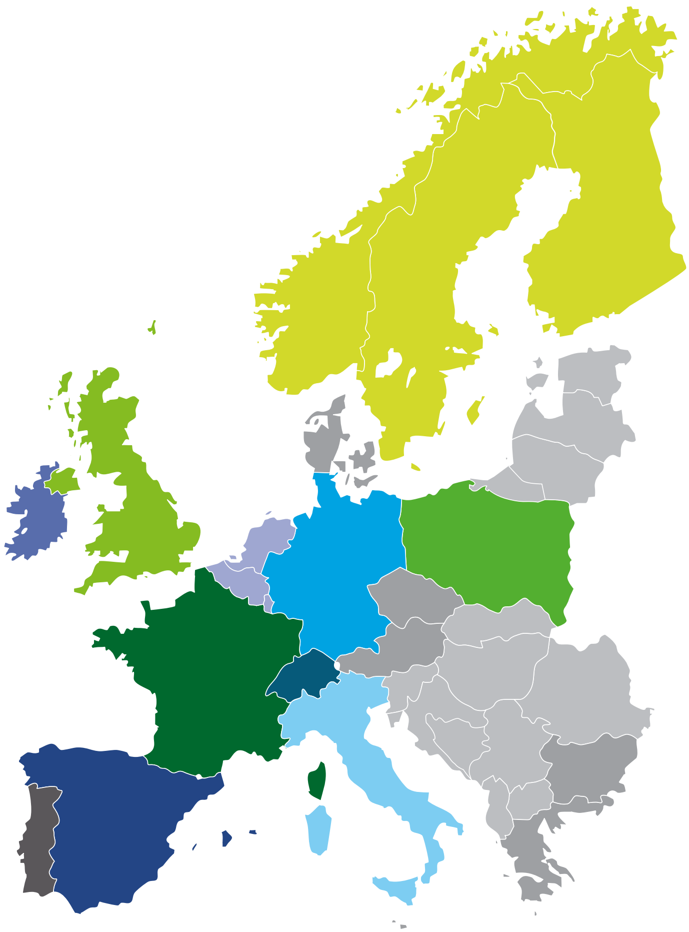
**Excluding €2.5bn of leverage, totalfund capacity of€5bn

***Global investment focus with significant allocation to the European market

****Excluding credit facilities and European Direct Lending separately managed accounts

*****Global Senior Direct Lending fund with significant focus on the European market, including managed accounts and leverage this strategy has $9.1bn of AUM

Who are the Direct Lenders?



United Kingdom
Alcentra, Ardian, Ares, Babson, Beechbrook Capital, BlackRock, BlueBay, Citi, Cordet, Crescent, CVC, EQT, eso, European Capital, Grovepoint, GSO Capital Partners, Guggenheim, Hayfin, HIG, ICG, Idinvest, KKR, M&G, Macquarie, Magnetar Capital, Muzinich & Co, MV Credit, Nordic Mezzanine, Njord, Partners Group, Permira, Pemberton, Praesidian Capital, Quadrivio, Rothschild, Tikehau Capital, Tosca, TPG, PennantPark, Bain Capital

Germany
Ardian, Ares, BlackRock, EQT, ICG, HIG, Idinvest, Pemberton, Hayfin, Permira

Poland
Credit Value

Spain
HIG, ICG, Idinvest, KKR, Hayfin, Magnetar Capital, Pemberton, Muzinich & Co, N+1, Trea, Oquendo

Nordics
Ares, Capital Four, Cordet, Njord, Nordic Mezzanine, Proventus

Italy
HIG, Muzinich & Co, Quadrivio, Pemberton, Tikehau Capital

Benelux
Cordet, Delta Lloyd, Hayfin, ICG, Tikehau Capital

Ireland
BBF Capital Partners, Broadhaven, KKR, Origin Capital, Renatus

Portugal

Switzerland
eso, Partners Group

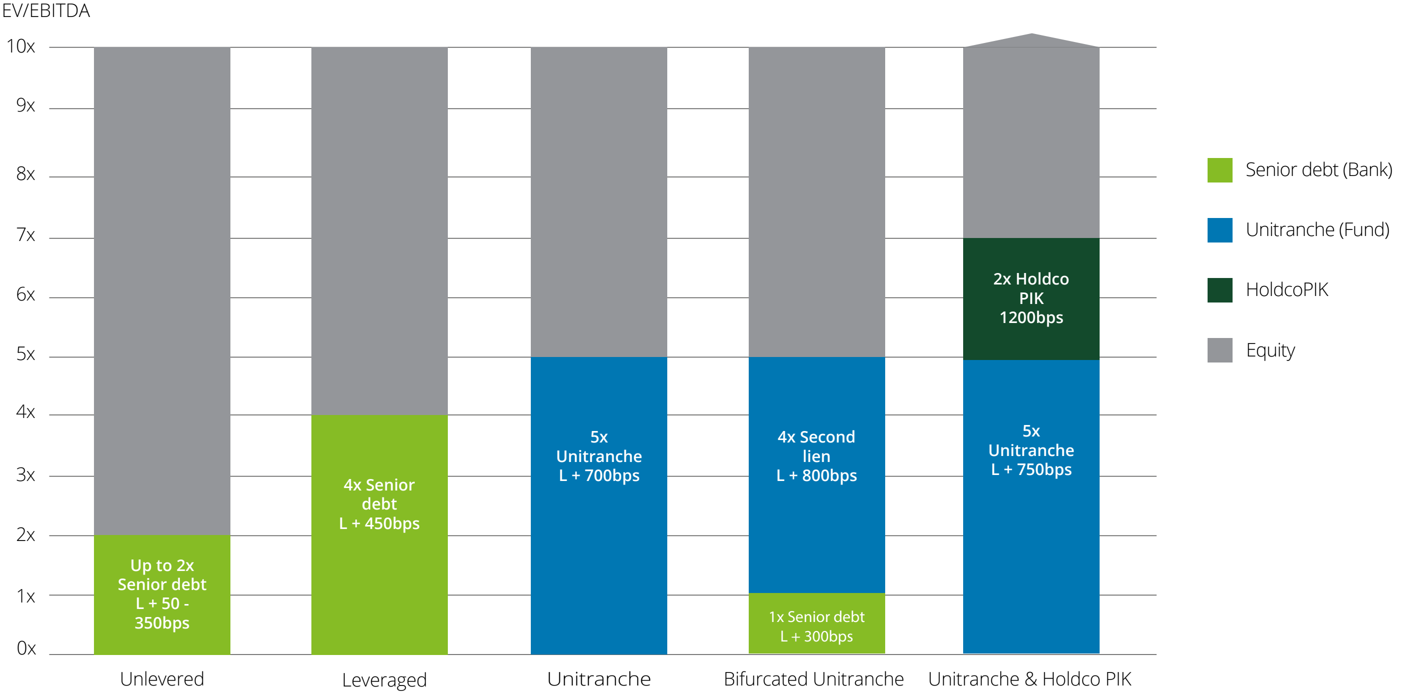
France
Ardian, Ares, BlackRock, Cerea Partenaire, Hayfin, HIG, Emz, GSO, Muzinich & Co, European Capital, ICG, Idinvest, KKR, Rothschild, Partners Group, Pemberton, Permira, Tikehau Capital

Especially focused on Euro PP
Amundi, Artemid, Cerea Partenaire, Federis, Idinvest, Tikehau Capital

Note: offices included with at least one dedicated direct lending professional. The overview does not necessarily provides an overview of the geographical coverage.

What debt structures are available in the market?

Structures



Weighted Average Cost of Debt (WACD)

Unlevered	Leveraged	Unitranche	Bifurcated Unitranche	Unitranche & Holdco PIK
L + 50 - 350bps	L + 450bps	L + 700bps	L + 700bps	L + 880bps

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

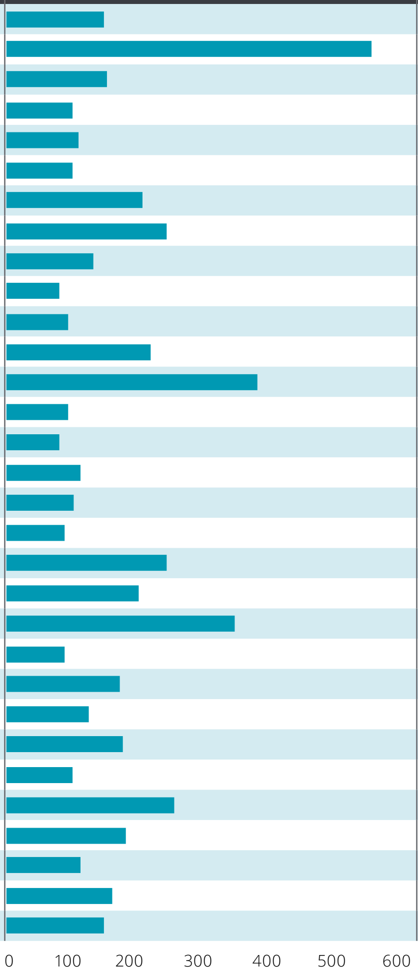
Pros and Cons per structure

Unlevered	Leveraged	Unitranche	Bifurcated Unitranche	Unitranche & Holdco PIK
✓ Lowest pricing ✓ Relationship bank ✓ Bullet RCF	✓ Increased leverage ✓ Club of relationship banks	✓ Stretched leverage ✓ Flexible covenants ✓ One-stop shop solution ✓ Speed of execution ✓ Relationship lender	✓ Stretched leverage ✓ Flexible covenants ✓ Greater role for bank ✓ Reach more liquid part of the unitranche market	✓ Stretched leverage ✓ Flexible covenants ✓ Lower equity contribution ✓ No Intercreditor
× Low leverage × Shorter tenor (3-5 years)	× More restrictive terms × c. 40% amortising	× Higher pricing	× Higher pricing × Intercreditor/AAL	× Higher pricing

Which landmark unitranche deals have been completed?

Selected Landmark Unitranche Deals (>€90m)

Borrower	Country	Unitranche in €m	Lenders	Sponsor	Date
Marle	France		Capzinine	✓	May-16
Polynt and Reichhold	Italy		GSO	✓	May-16
OpenBet	UK		Ares	-	Apr-16
Petainer	UK		KKR	✓	Apr-16
Citation	UK		Alcentra	✓	Apr-16
Delsey	France		Avenue, Pemberton, Permira	✓	Nov-15
Verastar	UK		Ares	✓	Nov-15
Fintrax	Ireland		Ares	✓	Nov-15
Oberscharrer	Germany		BlueBay	✓	Nov-15
ESE	Netherlands		Avenue, BlueBay	✓	Nov-15
Bibliotheca	Switzerland		BlueBay	✓	Oct-15
Gala Bingo	UK		ICG	✓	Oct-15
Chiltern / Theorem	UK/USA		Hayfin, ICG, HPS Investment Partners, Bain Capital	-	Sep-15
Currencies Direct	UK		Alcentra, CVC, HPS Investment Partners	✓	Sep-15
Tracscare Group	UK		BlueBay	✓	Jul-15
Ezentis	Spain		HPS Investment Partners	-	Jun-16
MH Group	Denmark		Alcentra	✓	Jun-15
Shimtech Industries	UK		Ares	✓	May-15
Ainscough Crane Hire	UK		GSO	✓	Mar-15
Big Bus Tours	UK		Ares	✓	Feb-15
CRH	Ireland		GSO	✓	Dec-14
IMV Technologies	France		Ardian	✓	Dec-14
Groupe Salins	France		Tikehau, Macquarie, Hayfin	-	Dec-14
Farrow & Ball	UK		Crescent, KKR, Bain Capital	✓	Dec-14
XLN Business Services	UK		GSO	✓	Oct-14
Hillarys	UK		Ares, GE, Permira	✓	Aug-14
Itas TIM Group	France		Tikehau, Macquarie	-	Jul-14
Parkdean	UK		Ares, GE	✓	Apr-14
DORC Holding	Netherlands		Ares, GE	✓	Mar-14
Trust Inns	UK		Macquarie	-	Feb-14
NoteMachine	UK		Ares, GE	✓	Feb-14



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

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.

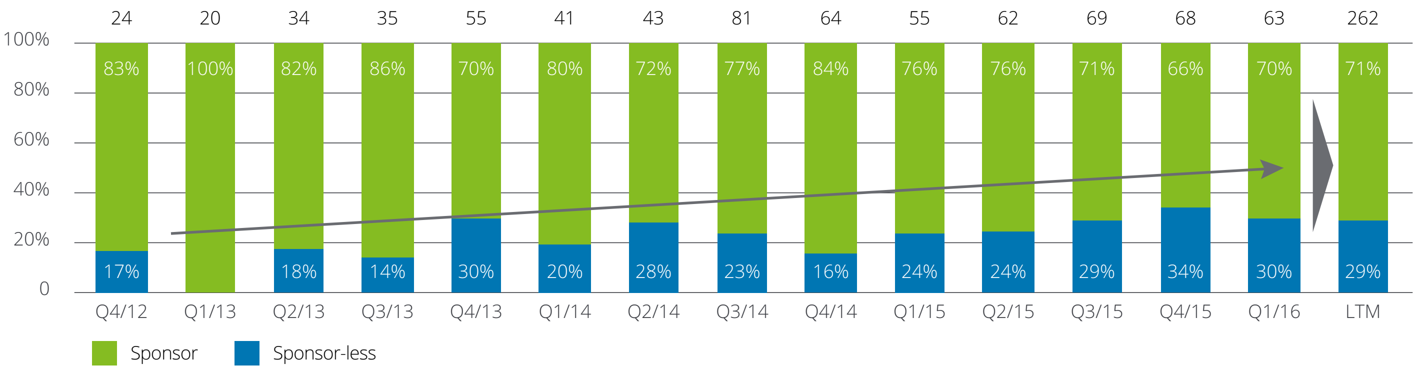
Key advantages

Key advantages of using alternative lenders to fund a buy and build strategy may include:

- Accelerate the growth of the company and exponentially grow 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



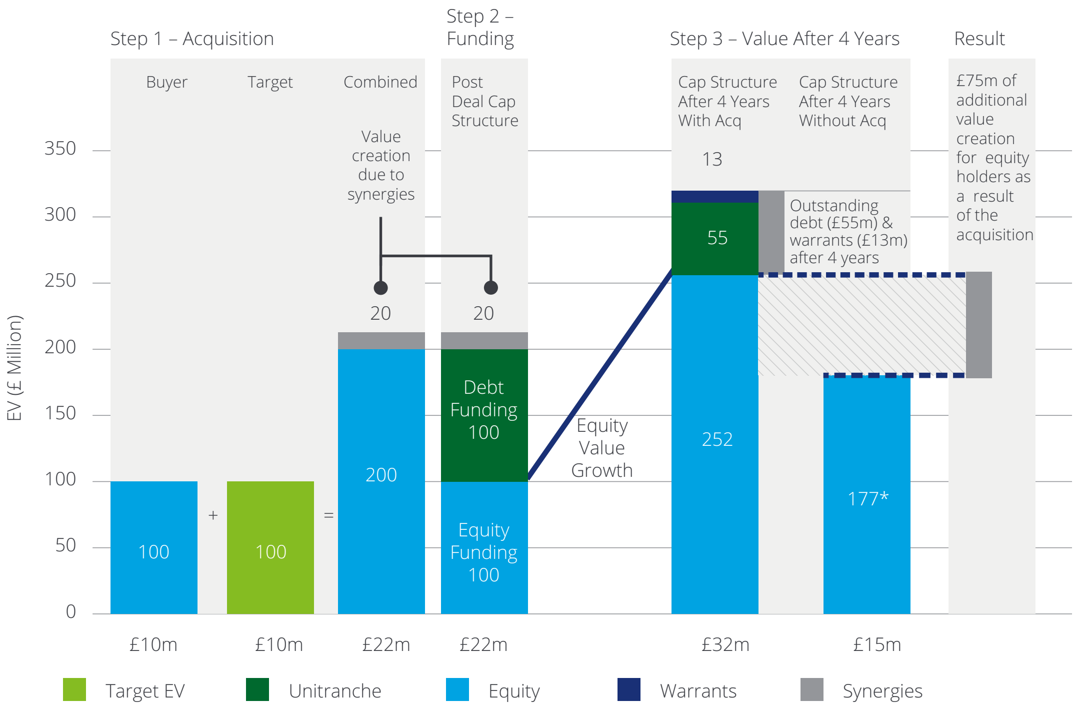
Unlocking transformational acquisitions for privately owned companies

Indicative calculations

- The calculations on this page illustrate the effect of value creation through acquisitions financed using alternative lenders.
- In this example the equity value is growing 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



Assumptions

- Both business generate £10m EBITDA with £2m potential Synergies
- 10x EV/EBITDA multiple assumed (no multiple arbitrage assumed)
- 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

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

Deloitte's European CFO Survey

Results from Deloitte's European CFO Survey, Q1 2016

Key Findings

Optimism on the up...

- Of the nearly 1,500 participating CFOs across 17 countries, a small majority of CFOs say they have a more positive view about growth in their businesses than they did six months ago. CFOs in Eurozone countries are once again more optimistic about the financial prospects for their companies than their non-Eurozone peers
- The outlook on employment, has been a particular source of optimism in the Eurozone despite the overall fall across Europe, with the outlook for hiring particularly strong in Italy and Ireland – two countries that saw among the sharpest rise in unemployment following the financial crisis of 2008-09
- Monetary policy has also continued to spur growth, with central banks incentivising bank lending to stimulate activity; the outlook for bank borrowing has improved again from six months ago, and remains positive.

But politics could puncture growth...

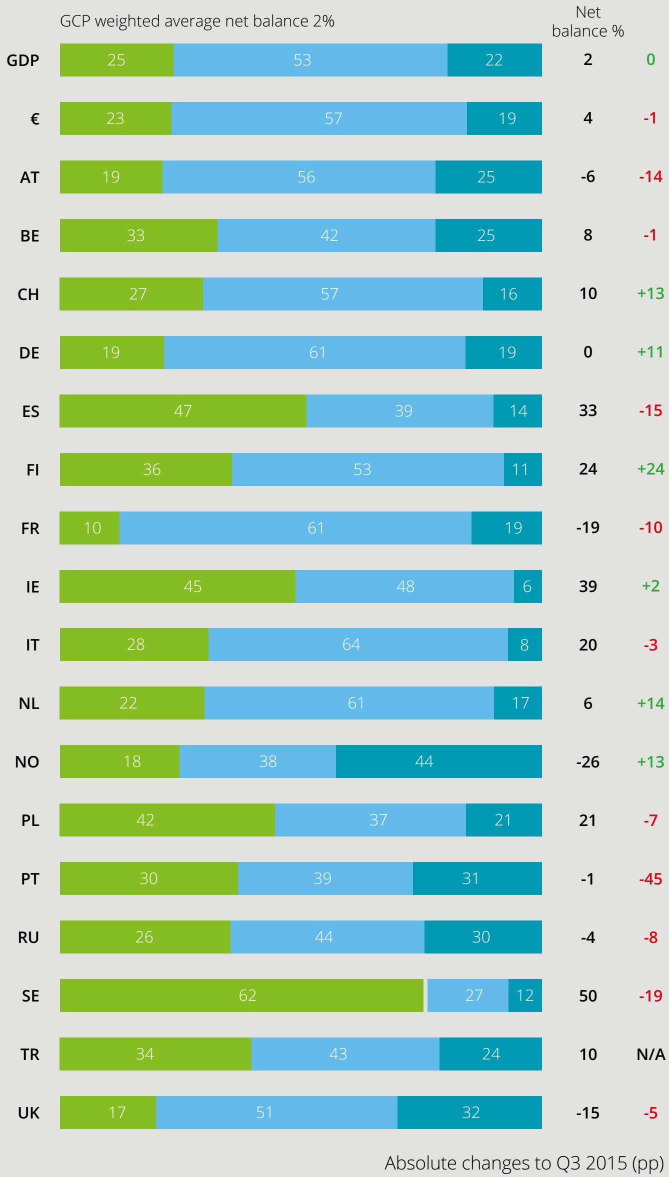
- Europe entered 2016 facing a number of political and geopolitical challenges, which seem to be weighing heavily on sentiment in a number of countries. Geopolitical or political factors rank as the top two business risks for two-fifths of CFOs
- A large portion of CFOs report levels of external uncertainty to be higher than normal, and rising perceptions of this uncertainty have been accompanied by risk appetite falling sharply and CFOs reporting increased pressures on operating margins
- The Transatlantic Trade and Investment Partnership (TTIP), the proposed trade agreement between the US and the EU, is being met with limited enthusiasm, with 73% of the cohort reporting that there would be no discernible impact to their businesses from the deal, reinforcing the notion that political and geopolitical uncertainties are currently more prominent issues for CFOs

Given all these issues, it is unsurprising that CFOs are no more than cautiously optimistic.

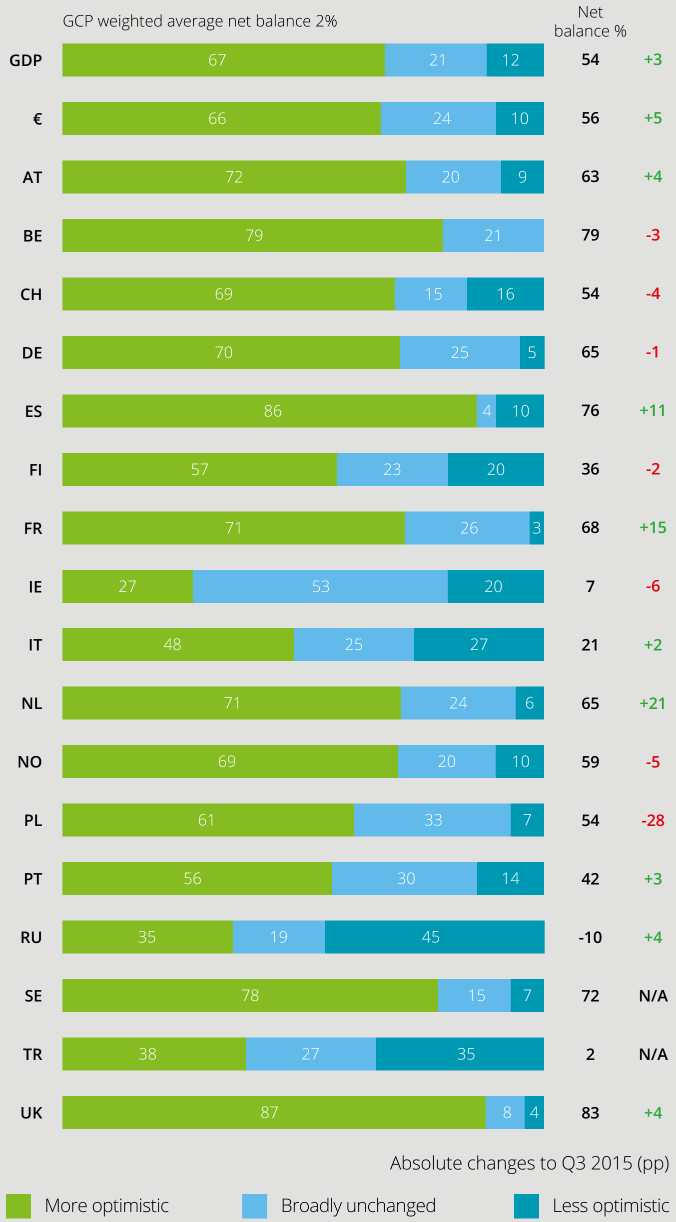
The European CFO Survey is part of a global cohort of surveys benchmarking the current and future intentions and opinions of European Chief Financial Officers. The findings discussed in this report are representative of the options of 1,490 CFOs based in 17 European countries: Austria, Belgium, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Poland, Portugal, Russia, Spain, Sweden, Switzerland, Turkey and the United Kingdom. CFOs were all contacted between January and March 2016.

Of the nearly 1,500 participating CFOs across 17 countries, a small majority of CFOs say they have a more positive view about growth in their businesses than they did six months ago.

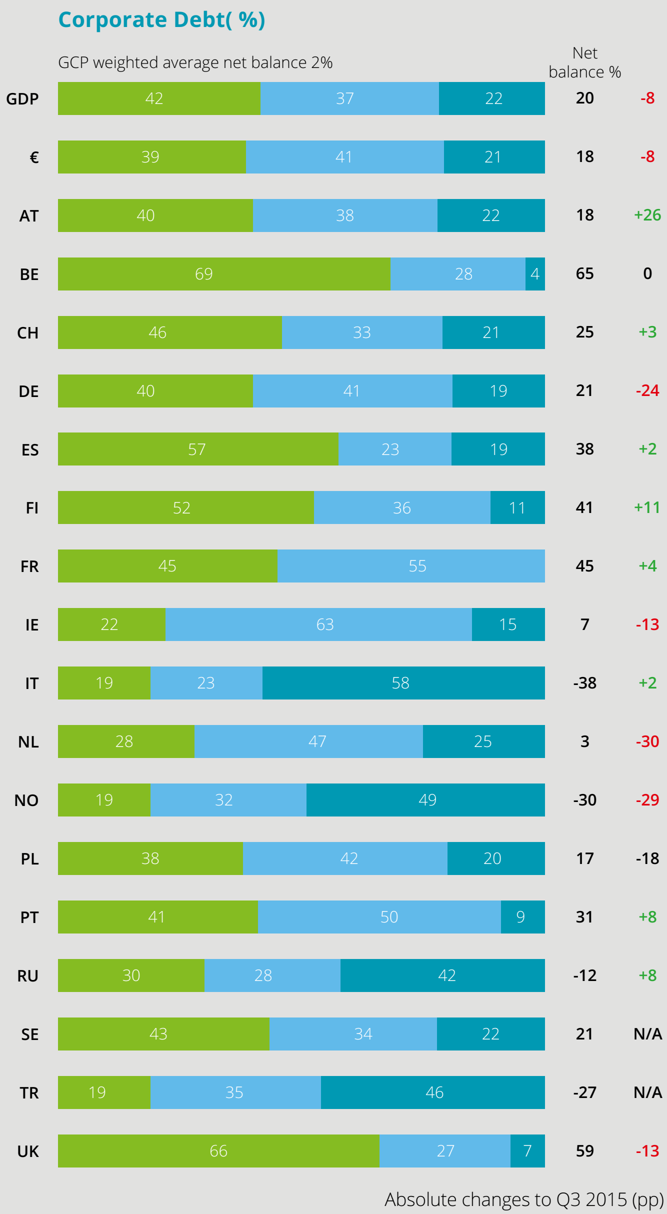
Compared to three/six months ago, how do you feel about the financial prospects for your company?

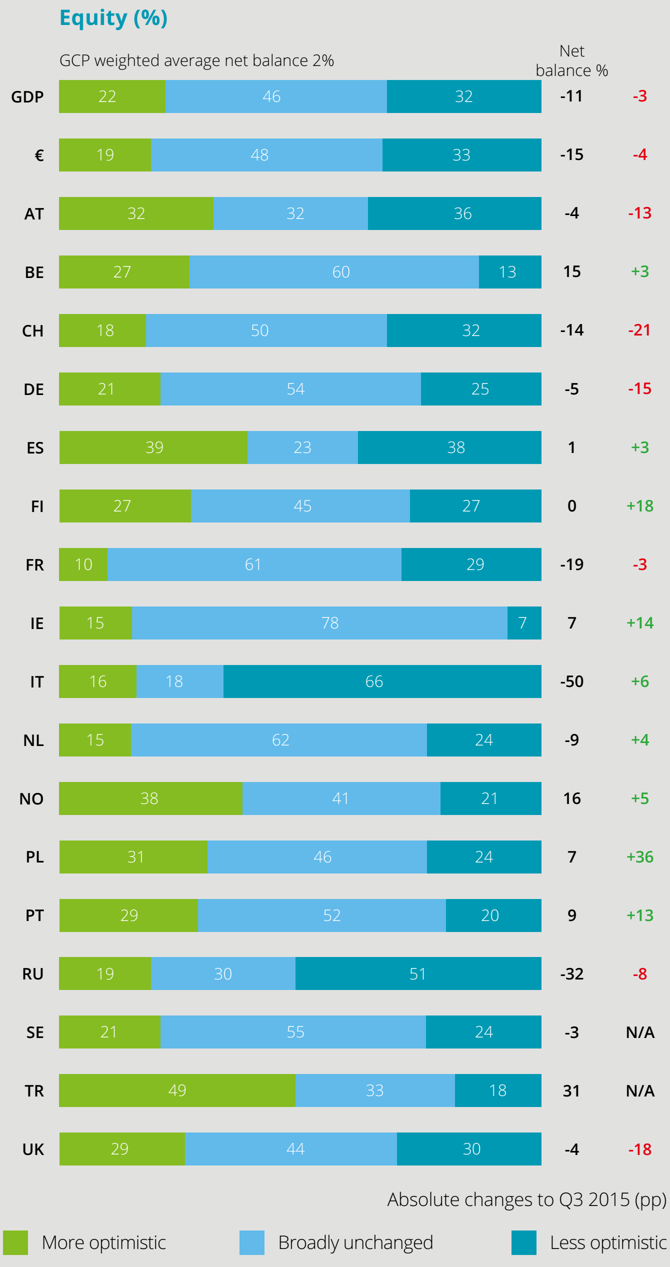


Bank Borrowing (%)



Source: Deloitte's European CFO Survey, Q1 2016





Source: Deloitte's European CFO Survey, Q1 2016

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 140 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

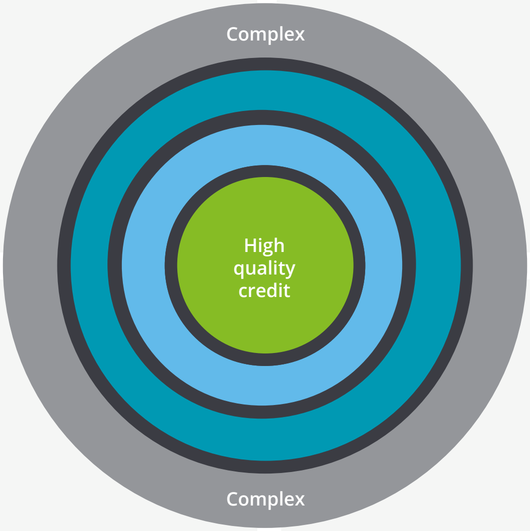
How complex is your credit?

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

UK Deloitte Debt and Capital Advisory

One of the most successful Debt and Capital Advisory teams

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Deloitte Debt and Capital Advisory credentials

Our UK team has completed over 50 transactions in the last 24 months

Client	Transaction	Logo text	Date	Amount
Livingbridge	Acquisition financing		June 2016	£36m
Alternative Networks	Amend & Extend		June 2016	£40m
HgCapital	Refinancing		June 2016	£75m
HgCapital	Refinancing		May 2016	DKK300m
CBPE	Refinancing		March 2016	£86m
St. Austell Brewery	Amend & Extend		March 2016	£45m
HgCapital	Acquisition financing		February 2016	£85m
Speed Medical	Refinancing		February 2016	£22m
HgCapital	Acquisition financing		January 2016	$270m
HgCapital	Refinancing		December 2015	£47m
North Edge	Acquisition financing		December 2015	£9m
Mears	Amend & Extend		December 2015	£140m
HgCapital	Refinancing		December 2015	€365m
HgCapital	Refinancing		November 2015	£41m
Findel plc	Refinancing & Securitisation		November 2015	£120m + £145m
Impellam Group plc	Debut RCF / Acquisition financing		November 2015	£250m
GHO Capital	Acquisition financing		October 2015	Undisclosed
HgCapital	Refinancing		October 2015	Undisclosed
Vitruvian	Refinancing		October 2015	Undisclosed
AFI uplift	Refinancing		October 2015	£70m
Elian	Acquisition financing		September 2015	£215m
Chiltern	Acquisition financing		September 2015	Undisclosed
McColl's Retail	Amend & Extend		August 2015	£85m
IRIS	Refinancing		August 2015	£430m
Manx Telecom plc	Amend & Extend		July 2015	£80m
Ultra plc	Acquisition financing		July 2015	£300m + $225m
G Square	Acquisition financing		July 2015	£102m
Regus	Amend & Extend		July 2015	£320m
August Equity	Refinancing		June 2015	£78m
Arnold Laver	Refinancing		June 2015	£73m
Volac International	Growth financing		May 2015	£53m
Sumo Digital	Refinancing		May 2015	Undisclosed
Bridgepoint	Refinancing		April 2015	£380m
HgCapital	Refinancing		April 2015	£240m
LDC	Acquisition financing		March 2015	£133m
Victoria Plc	Refinancing		March 2015	£50m
Project Durham	Debut RCF	Retail	February 2015	£150m
Chiltern	Refinancing		February 2015	£100m
HgCapital	Acquisition financing		December 2014	£57m
Livingbridge	Acquisition financing	Project Willow	December 2014	£58m
ARCA	Acquisition financing		December 2014	$107m
Project Mariner	Refinancing	Automotive	December 2014	£120m
Halfords Group Plc	Amend & Extend		November 2014	£170m
Keepmoat	Staple financing		October 2014	£275m
Premier Farnell Plc	Refinancing		October 2014	£250m
Chime	Amend & Extend		October 2014	£120m
HgCapital	Acquisition financing		September 2014	$125m
HgCapital	Refinancing		September 2014	€55m
CBPE	Acquisition financing		September 2014	£60m
ICG	Acquisition financing		August 2014	Undisclosed
Tarsus Group plc	Amend & Extend		August 2014	£60m
Lavendon Group	Refinancing		August 2014	£100m + €85m
Rutland Partners	Dividend recap		August 2014	£30m
Project Metro	Refinancing	Services	August 2014	£275m

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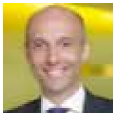

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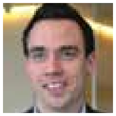

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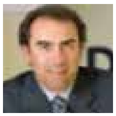

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Deloitte Debt and Capital Advisory credentials

Selected Global transactions

Company	Transaction	Date	Amount	Country
Primetime Property Holdings Limited	Medium notes issue	June 2016	BWP105m	Botswana / South Africa
Cara Pharmacy	Refinancing	May 2016	€15m	Ireland
HgCapital	Refinancing	May 2016	DKK300m	UK / Denmark
Trident Hotel Kinsale	Refinancing	April 2016	€12m	Ireland
Panaria Group	Growth financing	April 2016	€10m	Italy
Actons Hotel Kinsale	Refinancing	April 2016	€12m	Ireland
Nordian	Acquisition financing	April 2016	Undisclosed	Netherlands
Linders	Refinancing	April 2016	€79m	Ireland
Grupo Industrial IGSA	Refinancing	March 2016	$80m	Mexico / Chile
Husejernes Forsikring Assurnace Agentur	Growth financing	March 2016	£6m	Denmark
Casamba	Growth financing	February 2016	Undisclosed	USA
E-Vision	Growth financing	January 2016	Undisclosed	Netherlands
HgCapital	Acquisition financing	January 2016	$270m	UK / USA
Infare Solutions A/S	Acquisition financing	January 2016	£6m	Denmark
HPD Group ApS	Acquisition financing	January 2016	£35m	Denmark
Scanenergi solutions	Growth financing	January 2016	£10m	Denmark
HgCapital	Refinancing	December 2015	€365m	UK / Germany
Student Housing	Growth financing	December 2015	Undisclosed	Netherlands
SOPU	Growth financing	December 2015	Undisclosed	Denmark
SureID Inc	Debt raising	November 2015	Undisclosed	USA
GHO Capital	Acquisition financing	October 2015	Undisclosed	UK / USA
The Vincent Hotel Group	Stapled finance	October 2015	Undisclosed	Netherlands
Groupe CBV	Acquisition and Refinancing	September 2015	€24m	France
Ace Partners	Acquisition financing	September 2015	Undisclosed	Netherlands
Hemmink	Acquisition financing	September 2015	Undisclosed	Netherlands
Inekon Group a.s.	Refinancing	August 2015	€35m	Czech Republic
Grupo Altex	US Private Placement	August 2015	$107m	Mexico / Chile / USA
Acome	Refinancing	July 2015	€60m	France
Ausnutria Hyproca	Refinancing	July 2015	Undisclosed	Netherlands
Planon	(EIB) growth financing	June 2015	Undisclosed	Netherlands
Ezentis	Refinancing	June 2015	€126m	Spain
Frontline Performance Group	Refinancing	June 2015	Undisclosed	USA
Kuiken N.V.	Acquisition financing	June 2015	Undisclosed	Netherlands
Royal Burger Groep	Refinancing	June 2015	Undisclosed	Netherlands
Walls Construction	Management Buy Out	April 2015	Undisclosed	Ireland
Inekon Group a.s.	Refinancing	April 2015	Undisclosed	Czech Republic
LED Group	Refinancing	March 2015	€15m	Ireland
Crystalite Bohemia	Refinancing	March 2015	€3m	Czech Republic
Clyde Real Estate	Debt Raising	February 2015	€12m	Ireland
Dalata Hotel Group	Acquisition and Refinancing	January 2015	€350m	Ireland
Valle Nevado S.A.	Private placement	December 2014	$45m	Chile
Coeclerici	Amend & Extend	December 2014	€150m	Italy
ARCA	Acquisition financing	December 2014	$107m	UK / USA
Associations, Inc.	Refinancing	December 2014	Undisclosed	USA
Inver Energy Ltd.	Debt raising	November 2014	€120m	Ireland
MediGain, LLC	Refinancing	October 2014	Undisclosed	USA
Russell Court Hotel	Refinancing	October 2014	€9m	Ireland
ATM	Debt Advisory	October 2014	€472m	Spain
Group of Butchers	Acquisition financing	October 2014	Undisclosed	Netherlands
Deceuninck	Debt Advisory	October 2014	€157m	Belgium
Horse Racing Ireland	Debt raising	September 2014	€15m	Ireland
HgCapital	Acquisition financing	September 2014	$125m	France
STRABAG	Acquisition Refinancing	September 2014	Undisclosed	Austria
Arese Shopping Centre	Debt Raising	September 2014	€194m	Italy

Notes

Important Notice in relation to page 23-24

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