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Deal activity remains subdued, with investors locked in the jaws of macroeconomic uncertainty

Deloitte Private Debt Deal Tracker Spring 2023

MAKING AN IMPACT THAT MATTERS since 1845

This issue covers data for the second half of 2022 and includes 345 new private debt deals.

This represents a 23% decrease in the number of deals from H2 2021, and a 15% decrease from H1 2022.

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Private Debt Deal Tracker: Introduction

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76

Private debt lenders contributing to data

4,290

Deals completed to date

Since our last update at the back-end of Q3 2022, central banks have continued to raise interest rates in a sustained attempt to curb inflation. As of 15 February 2023, rates across the US, UK and EU stood at 4.5%, 4.0% and 2.5% respectively, reflecting increases of 25bps in the US, and 50bps apiece in the UK and EU.

Despite this, central bankers have struck more dovish tones across the board, suggesting inflation is easing. In addition, signs that the macro-economic environment is faring more strongly than anticipated were observed across the majority of developed economies, with the unemployment rate in the US at 3.4% (the lowest since 1969), GDP largely unchanged in the UK, and growth of 0.1% in Europe in Q4 2022.

The longer-term effects of monetary policy, however, particularly increases in interest rates, typically take time to filter into the wider economy and a question remains as to whether the initial signs of resilience will be sustained over the longer term.

Other more granular data points are starker, with a string of layoffs announced across the global technology sector (the worst hit with over c.200,000 cuts in aggregate) and the financial services sector (c.15,000 cuts to date) in recent months. In the UK, over 22,000 companies declared bankruptcy in 2022, the highest number since 2015, and UK mortgage approvals are the lowest they have been since the pandemic.

As a result, many economic commentators now suggest a delayed, rather than cancelled recession, and it is thought that cash reserves built by corporates and consumers have so far cushioned the blow from the fall in real earnings.

Looking at the financial markets, there is much discussion of cautious optimism. In mid-February, the FTSE 100 broke 8,000 for the first time in history. The index, dominated by multinationals with exposure to oil, mining and consumer staples and crucially, significant overseas earnings, overcame the drag of a domestic economy headed for recession. Only time will tell how debt markets will fare in 2023, with Q1 numbers likely to provide a good indicator.

Numbers in Q4 2022, if anything to go by, would not be indicative of a bullish market—in the public market, buyout and other sponsored deals accounted for €36.2bn of new issue loan volume, down 58% on 2021, at €110bn, and 18% down on the pandemic-stricken 2020. Fortunately, any fears of a refinancing 'wall' in the public loan markets are overblown—based on LCD data, more than 85% of the ELLI loan index matures in 2025, or later.

A similar story was reflected in the private debt market, which displayed more signs of resilience, but still a noticeable drop off of 16% in activity in H2 2022. Inflation and interest rates are weighing on debt serviceability, dampening capacity for leverage, in turn increasing equity contributions, and reducing expected returns for equity investors. In many respects the 'alpha' created by the private equity model will be truly tested in 2022/23 vintages—for some time public market commentators have suggested that the industry's returns are heavily skewed toward the use of leverage, though these claims have also been widely contested, arguing that stronger corporate governance is the enabler, and fundamentally ensures businesses stay afloat under leveraged structures.

Fears of a recession, as well as the so-called 'denominator effect' which, plainly speaking, has left LPs' previously conservative allocations to private markets now overexposed relative to public investments, have driven more tightened management of capital across both private debt and equity, placing more scrutiny on new deal activity than before.

Whilst we don't expect activity to dry up—the demand for resilient, highly cash generative and growing businesses will likely remain, and assets will continue to attract healthy debt and valuation multiples—however, managers are likely to hold existing portfolio assets longer than previously expected and more creative bolt on acquisitions are likely to become prevalent in 2023.

Businesses that are energy intensive or are heavily reliant upon clogged supply chains could invest in onshoring, bringing manufacturing and raw material sourcing in house and developing their own sustainable energy strategies, becoming highly valued assets once more benign economic conditions return. We are also likely to see a return of junior capital, which in recent times has been usurped by the blended senior and junior unitranche product. For borrowers struggling to service higher costs of capital on a cash basis, the ability to accrue interest and reduce senior leverage is likely to prove popular as maturities fall due and, in some instances, act as a replacement for new equity.

A slowing exit horizon will, however, exacerbate liquidity at the top of the food chain if GPs are not returning capital to investors as quickly as expected. The other side of the equation is a sharper than expected increase in withdrawals, driven by a combination of early retirement following Covid-19, and the increase in the cost of living.

As proven by the Liability-Driven Investment ("LDI") crisis in September 2022 (and more recently the collapse of Silicon Valley Bank), liquidity is not to be underestimated and it is for this reason references to record levels of dry powder should be taken with a pinch of salt.

As a result, LPs will likely concentrate their capital amongst tried and tested managers (in a similar vein to 2022) when, according to Preqin, the proportion of capital raised by the largest private debt funds represented 50% of aggregate capital raised for the asset class, up from 36% in 2021, and against a longer-term average of 38%.

An increasing demand for secondaries strategies is also highly likely. According to Coller Capital, the trade in secondary fund stakes hit $17bn in 2022 which, similar to the private debt asset class, has grown in excess of 30 times activity levels seen 10 years ago.

Other more-aggressive options of creating liquidity also exist in the form of collateralised fund obligations, or CFOs, as recently highlighted by the Financial Times. CFOs are the new-born Collateralised Debt Obligation ("CDO") for GP fund stakes, where fixed yielding bonds are issued to investors, secured against a bundle of commitments to private market assets. Whilst these structures are in theory hugely diversified, they represent 'leverage cubed' and are highly susceptible to interest rate risk if the chain already contains leverage at the portfolio company level, the GP level through a NAV facility, fund subscription line and/or loan against GP co-invest.

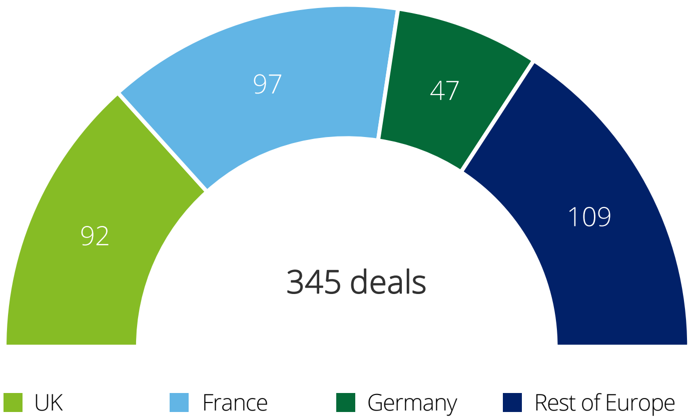
In a world where holding periods are elongated, there is pressure on debt serviceability at the operating company level, and cross holdings are not easily avoidable against the backdrop of an exploding product set in private markets, it is not hard to see end investors exposed to chains of investments with a very thin sliver of equity in aggregate.

Whilst LTVs may be conservative and the equity holder of the CFO bears the first loss, these structures have not been through stress, and it is therefore not unsurprising that a year-long investigation by the National Association of Insurance Commissioners ("NAIC"), the US regulatory group, has found that rating agencies can understate the risk of CFOs.

The NAIC, which coordinates US insurance regulators, has now decided to assess the risk of individual CFOs, supplanting credit rating agencies in a similar initiative to steps the regulator took to rein in mortgage-backed securities in the wake of the financial crisis.

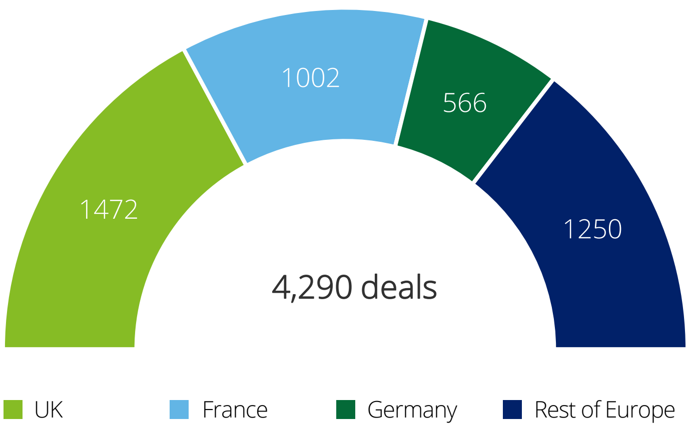
We continue to live through challenging times, and opportunities to generate returns exist in more forms than ever—however, for many GPs, the next few years are likely to be career defining vintages.

Total deals reported in H2 2022



H2 2022 vs. H1 2022 Comparison

Total deals reported since Deal Tracker inception

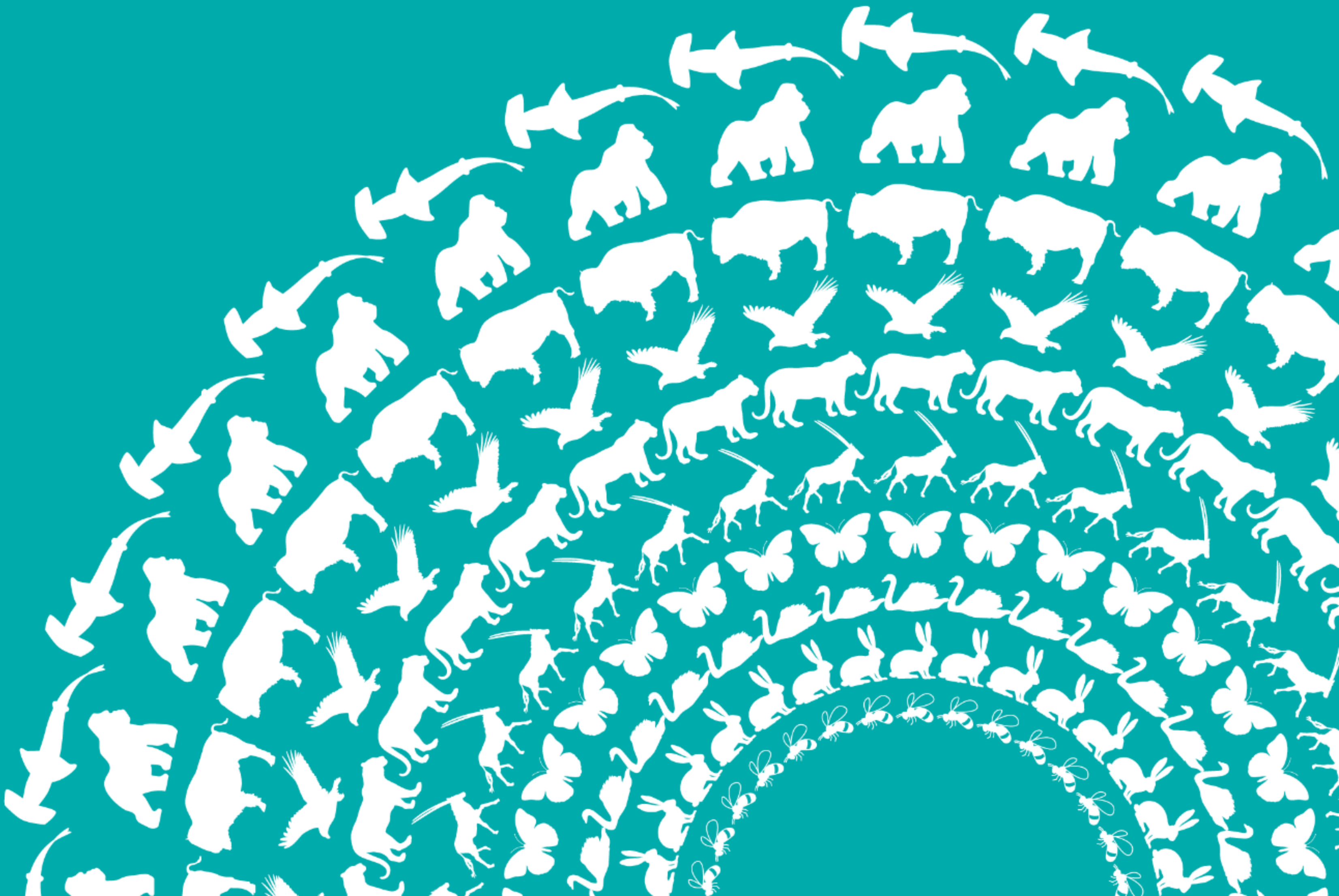


Borrowers access private debt to power growth

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. Private debt 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.

Source: Deloitte Analysis

2023 M&A Market Outlook



2023 M&A Market Outlook

M&A has consistently been the primary motivation for deal activity in the European private debt market, accounting for nearly two-thirds of transactions since the Private Debt Deal Tracker's inception in 2012. Whilst global M&A experienced a turbulent ride in H2 2022, there is renewed hope for a brighter 2023.

This article sets out key trends likely to underpin global M&A in 2023. Building on content from Deloitte's 2023 M&A Market Outlook and Charting New Horizons content, the article first outlines the evolution of the relationship between M&A and private debt, before expanding on our latest view of what might lie ahead for global M&A activity across the next 12 months. Market commentary is supplemented by a succinct list of sector-agnostic themes and specialist, sector-focused insight from experts across the Deloitte UK practice. The latter section has been specifically targeted to focus on the most active sectors/sub-sectors for direct lending activity since the Deal Tracker's inception.

Setting the scene

The proliferation of European private debt as an asset class has been underpinned by its emergence as an important funding source in financing acquisitions—in particular, facilitating sponsor-backed leveraged buyouts and funding bolt-on acquisitions. As Europe entered a period of sustained low interest rates following the 2008 Global Financial Crisis ("GFC"), institutional investors sought out new ways of attaining higher risk-adjusted yields compared to more traditional fixed-income products. Banks, hamstrung by capital reserve requirements and a more conservative outlook on risk, retrenched from the mid-market leaving the door open for private debt lenders to flourish. The outcome: over $292bn of funds raised in Europe since 2009[1], and a new range of bespoke, flexible solutions that would bring about a seismic shift in the way that borrowers attain financing and fund acquisitions, also offering an alternative to the often-unpredictable syndicated loan market.

A pick-up in global M&A throughout the second half of the 2010s rapidly accelerated the deployment of private debt funds, resulting in a continued influx of LP capital into the asset class, an increase in the number of lenders, and the availability of different financing products. As corporates and sponsors sought to take advantage of favourable economic conditions to leverage M&A in order to expand business operations, enter new markets and develop technological capabilities, competition in private debt continued to heighten (culminating in Ares Management raising the largest European direct lending fund (ACE V) to date at €15bn—including leverage—in 2021). The result: long-term inflation of purchase multiples and leverage ratios and downward pressure on borrowing costs.

Moving into H2 2022, M&A activity experienced a steep decline as a result of geo-political tension (notably the war in

[1] Preqin

Ukraine), post-Covid supply chain pressures and ensuing inflation. Declining consumer and business confidence, in addition to a repeated series of interest rate hikes, hit the European debt landscape, and M&A activity tapered off sharply with a c.32% decline in global transactions—by value—from $1.9tn in H1 2022 to $1.3tn in H2 2022. Year-on-year, global M&A deals fell c.30%—by value—to $3.3tn from $5.2tn in 2021. By transaction count, deal activity fell by 17% year-on-year to 54k, the largest decline since 2001[2].

Sponsor-backed transaction volumes, accounting for 30-40% of global M&A deals, were no exception to the market drop-off, with the number of leveraged buyouts falling by c.40% year-on-year[3]. A number of vendors subsequently elected to move away from the traditional formal auction route, instead favouring flexible bilateral sales processes, direct negotiations and earlier entrance into exclusivity. This typically provides buyers with more time to conduct due diligence, whilst simultaneously enabling vendors to assess buyer credibility and certainty of financing. A recent notable example was Hg's sale of Transporeon to Trimble, carried out via direct engagement with a small pool of potential buyers, rather than a full-scale auction[4].

Collapsed sales processes, in particular across the mid-market, were indicative of depressed valuations and buyer uncertainty. Persistent interest rate pressures, coupled with heightened scrutiny from private debt financiers has raised pricing, dampened the ability for assets to be levered, and depressed debt capacity by, on average, 1.0-1.5x of leverage. This has only added to the slowdown in capital deployment for M&A, with global leveraged-buyout funds sat on an estimated $800bn of dry powder as of December 2022[5].

Despite the slowdown, it is worth acknowledging that 2022 was still the second highest year on record for global M&A deals, primarily due to resilience in the mid-market.

2023: what to expect for global M&A?

Global M&A markets are generally quite resilient, with volatile macroeconomic conditions leading to short-term drag rather than long-term headwinds. Resolving uncertainty is therefore crucial to the market picking up momentum and investors switching out of defensive cash strategies and into M&A.

Despite early signs suggesting that deal activity will pick up in 2023, the market is likely to be relatively subdued in H1. Economic conditions remain challenging with continued inflationary pressures, high (albeit stabilising) interest rates and sustained geo-political tension. The IMF forecasts global annual growth of 2.9%, which is weak compared to historical levels; however, trends are beginning to emerge in the market which provide reason for cautious optimism. Headline inflation coming out of the United States has started decelerating, and the Federal Reserve has subsequently started putting on the brakes in periodically hiking the domestic base rate (25bps upward shift in January 2023 vs. 50bps upward shift in December 2022). Unemployment rates are starting to hold steady, wages are slowly creeping upwards, and consensus analyst expectations point towards a 5% earnings growth for the S&P500.

A less volatile interest rate environment will help alleviate pressure on dislocated capital markets. In particular, from the perspective of M&A and private debt, activity should

[2] S&P Cap IQ; [3] Goldman Sachs; [4] Mergermarket; [5] Preqin

hopefully start to pick up later in H2 as financing costs become clearer and valuations start to stabilise. This means that 2023, much like 2022, may prove to be a year of two halves, with H1 spent adjusting to new macro conditions and H2 potentially underpinned by more-aggressive capital deployment. Corporates look set to lead the M&A charge as they focus on optimising their asset portfolios and carve out non-core and underperforming investments. From private equity's perspective, smaller-sized deals are likely to initially be popular due to their lower relative risk weighting.

From an investor angle, banks and direct lenders are well-capitalised as a result of insurance, pension funds and institutional investors reallocating capital into one-of-the-few asset classes that is able to generate real positive returns in an inflationary environment. Private equity sponsors are sat on significant volumes of dry powder and are under increasing pressure from LPs to deploy capital through the down cycle.

Corporates have resilient balance sheets, with many companies electing to refinance at low rates during the Covid-19 pandemic. Institutional investors are attracted to European assets off the back of Sterling and Euro currencies trading below their long-term averages.

The mid-market is likely to be an area of investor interest, with a focus on bolt-on acquisitions in quality assets with healthy profitability and stable cashflows. Resilient growth sectors are likely to lead the charge; most notably, pharmaceuticals as a result of a number of perceived undervalued assets in the market, and Energy, Resources & Industrials ("ER&I") as a result of cash-heavy renewables businesses looking to advance their renewable energy agendas.

Iain Macmillan
Managing Partner, Global M&A Services Leader

"M&A markets tend to be more resilient than many realise, our analysis of the nearly forty years of historical M&A data shows adverse market conditions are a short-term drag and M&A volumes tend to recover rapidly once the uncertainty subsides. Hence, we remain cautiously optimistic and 2023 may well prove to be a year of two halves, in the first half of the year the markets should start adjusting to the new conditions and it is quite possible in the second half deal momentum will pick up the pace."

2023: key themes across global M&A markets

01

Accelerating Synergies: value creation sits high on the list of investor priorities; activists are starting to place additional pressure on businesses to deliver performance improvement, for example, Salesforce are under pressure from Starboard Value to increase margins after acquiring Slack, Tableau and MuleSoft[6].

02

Attractive Valuations: deals in the $750mn-$5bn range look set to dominate the next wave of M&A as investors look to capitalise off the back of declining valuations by acquiring high-quality businesses at attractive prices; this trend is also likely to encourage sponsors to take public companies private, taking advantage of their deep pockets, flexibility in deal structuring and accessibility to debt markets.

03

Divestitures: investors are set to continue optimising their portfolios by carving-out underperforming assets; divestitures at the back of 2022, such as HSBC's sale of its Canadian business to RBC[7], are set to impact sectors that such as Technology, Telecoms and Financial Services, as well as those under additional pressure from regulators.

04

Business Model Transformation: consolidation-driven transactions are likely to be popular as companies look to react to inflationary pressures by containing costs, rebasing prices and reinforcing supply chains. In addition, transactions to provide transformational, sector-focused, digitalisation capabilities will remain popular as corporates look to strengthen their tech-enabled offerings. For instance, Maersk has invested in acquiring a portfolio of digital commerce companies as part of its long-term digital transformation and supply-chain realignment plans.

[6] Business Insider; [7] HSBC; [8] Maersk

2023: key themes across global M&A markets

05

Cross-Border Deal Corridors: accounting for approximately one-third of deals (by-value) in 2022, at c.$775bn, cross-border transactions look set to remain popular, most notably as a result of Eurozone businesses being valued at a 35% discount to US counterparts on a forward price-to-earnings basis. Emerging markets across India, APAC and Africa also present attractive cross-border investment opportunities for accessing new markets and customers, as well as fortifying supply chains.

06

Alliances and Joint Ventures: collaborative partnership structures, such as alliances, co-investments and joint ventures enable a cross-sector collaboration structure that is mutually beneficial to multiple parties as they provide access to new markets, customer segments and technologies. For instance, Sompo Insurance now has a JV with Palantir Technologies to use its AI technologies to predict dementia triggers and use those insights to develop new pre-emptive care insurance products.

07

Value-Enhancing Opportunities during Downcycles: downcycles typically present buyers with opportunities to acquire high-quality assets off the back of lower-than-normal valuations, less competitive M&A processes and previously-expensive assets being converted into accessible targets. Based on post-GFC returns, fund managers and corporate investors who are effective and decisive in identifying and executing value-enhancing deals are likely to generate higher returns during downturns than those who are more apprehensive.

08

Impact Investment: ESG continues to become an area of sharp focus for shareholders, with corporates under pressure to implement impact investment M&A strategies and GPs continuing to establish dedicated impact investment funds.

[9] Palantir

Technology, Media and Telecoms ("TMT") Sector Focus

Technology

The second half of 2022 proved to be a challenging period for M&A; however, the sector continues to progress and mature at an unprecedented rate. Moving into 2023, investment in the mid-market is expected to rebound faster than in the large-cap environment, underpinned by sponsors seeking to arbitrage value from bolt-on investments which provide them with either additional scale or new products/capabilities. There is significant appetite to deploy capital in the market, with sponsors sitting on large volumes of dry powder and corporate buyers holding sufficient capital on balance sheet to fund acquisitions without breaching facility covenants.

From a supply perspective, a potential hike in UK tax rates may act as the catalyst to seeing new investment opportunities flood the market, offsetting the potential sticking point arising as a result of buyer and seller valuation mismatches. The search for quality assets, underpinned by stable and profitable business models, will subsequently become even more meticulous, as investors scan the marketplace for genuine value. Availability of debt capital will prove to be a key topic, both in terms of its availability and the attractiveness and competitiveness of facility terms.

Charlotte Perfect
Partner, M&A Strategy, TMT

Duncan Down
Partner, Transaction Services

"US investment into the UK tech and media sectors continues but has yet to pick up significant pace. While the devaluation of the pound against the dollar, exacerbated by share price reductions, has made UK assets more attractive, uncertainty remains around the UK economy. However, US technology investors show long-term commitment to the UK and Europe by setting up UK-based teams."

Media

Streaming platforms look set to face a tough start to 2023, primarily off the back of consumers looking to cut back on discretionary spending. The result of this is likely to be a cut-back in budget for new productions, feeding a potential vicious cycle of customers withdrawing their subscriptions due to a lack of innovative content. There is increasing pressure on businesses to crack down on password and account sharing, in addition to introducing advertisements into on-demand videos. This could prove to be beneficial for ad-tech business, which are set to inevitably remain attractive as a result of their bespoke and targeted consumer focus.

"We've seen high investor interest in sports teams, leagues, governing bodies, rights holders, and sports technology in particular. We expect that these areas will continue to provide a breadth of investment opportunities in the coming months. It is evident that as each year passes, sport is increasingly considered an asset class that is too large for institutional investors to ignore, but with so many sports and types of organisations it is not a straightforward sector to execute in."

Sam Boor
Director, Sports Business Group

Despite the persistent growth of music streaming and the return of live concerts, opportunities are expected to remain few-and-far-between in the music space as business valuations slowly recalibrate. In contrast, sport is set to remain an attractive asset class, driven by record investor interest and increased appetite for raising private capital to finance growth. Overseas funding into European football clubs, in particular from US investors, reflects a belief that these assets are undervalued. Moving forward, this trend looks set to continue, with investors looking to carve out portfolios of sports assets which are both financially and operationally viable.

Telecoms

Consolidation is expected to be a primary driving force for Telecoms M&A, underpinned by both revenue and cost pressures induced by the cost-of-living squeeze and inflation. Consumers look set to cut back on spending by opting into cheaper subscription packages, whilst increased operational costs compress margins. The highly fragmented fibre network markets offer investors the opportunity to consolidate and increase scale. In addition, consolidation in mobile markets may yield strategic value. More broadly, investment in digital infrastructure remains popular and there is growing appetite among operators to move into adjacencies such as IoT and security.

Life Sciences & Healthcare ("LSHC") Sector Focus

Life Sciences

Life Sciences companies are expected to remain resilient in 2023, having dealt with inflationary and pricing pressures throughout 2022. Private equity interest remains high in the sector, however, in order for M&A volumes to fully return to pre-2022 levels, there needs to be a rebalancing of the buyer-seller bid-ask spread to account for the increase cost of capital. Furthermore, we are starting to see an increase in the availability of debt financing for quality assets, although at the aforementioned higher cost.

Key M&A drivers for the year-ahead include focus on:

1. Continued focus form corporate on portfolio optimisation and rationalisation;
2. Improving/filling drug pipelines;
3. Access to technology to either improve clinical trial efficiency or to offer personalised medicine and/or innovative therapies; and
4. Improving geographic footprint.

In terms of geography, this market has been dominated by the US and we expect this to continue in 2023 with US acquirers being active particularly given the strengthening of the currency over 2022.

Healthcare

The pandemic has rocked the UK health system to its core. It has become evident that we cannot go back to delivering healthcare in the UK as we previously did. A key component of the reform of our healthcare system will be driven by new investment and M&A. Once investors have adjusted to the new normal of higher interest rates and inflation, we expect a resurgence of M&A, with healthcare benefiting from its defensive qualities. Despite the challenges of staff shortages, increased costs, and funding constraints, there are several

Brett Engdahl
Partner, Life Sciences and Healthcare

"The LSHC sector has not been immune to the macro pressures affecting the M&A market, however we expect M&A activity returning throughout 2023 as available capital flows into the traditionally resilient and higher growth sectors. This is visible in the number of businesses that are getting prepared for sales processes, as well as significant cash reserves and dry powder for corporate and PE investors."

factors that are expected to drive growth in the sector. These factors include an aging population, increasing consumerisation, and political will.

We expect that M&A activity in the healthcare sector will primarily be driven by the following key themes:

1. One of the primary drivers of healthcare M&A in the UK is our aging population. The demographic shift in the country has created a significant demand for healthcare services, exacerbated by the pandemic. This demand is expected to continue to grow in the coming years as the number of people aged over 65 continues to increase. The embedded wealth within this demographic will drive a demand for new models of high quality, professionally delivered healthcare services. Outside the NHS the current provider landscape remains extremely fragmented, and the UK healthcare property estate is dated. As a result, we expect to see continued private equity investors, real estate funds and REITs consolidating providers in order to meet the growing demand for high quality services.

2. Another factor that is driving growth in healthcare M&A is increasing consumerisation. Individuals are becoming more involved in managing their own healthcare, and they are demanding greater access to information and services. As a result, healthcare providers are responding by offering more convenient and accessible services, such as telemedicine and online consultations. In order to remain competitive, providers are also looking to offer a wider range of services, such as preventative healthcare (including diagnostics) and wellness services. We expect existing providers to use M&A to expand their service offerings, enabling them to offer a more comprehensive range of services to their patients.

Finally, there is growing political will in the UK to improve the delivery of healthcare services. The government has made a commitment to increase funding for the NHS, and there is a growing recognition of the need to invest in new technologies and services to improve both efficiencies and the quality of care.

Financial Services Sector Focus

Financial services are set to be impacted by central bank interest rate hikes and the surrounding volatility induced by inflationary pressures. This will have an effect on asset valuations, deal volumes and accessibility of private debt to finance acquisitions.

"Today's banking sector has more capital and liquidity (having spent the post-crisis years improving balance sheet strength), and there remains a clear willingness to lend to the 'real' economy, even after the disruption of the past few months. Most banks are expecting the slowdown to impact on the quantum and pace of capital returns to shareholders, as opposed to raising fresh capital from shareholders."

Jonathan Gold
Managing Partner, Financial Institutions Group

Rising interest rates will also hone investor focus on top-line revenue growth, to offset cost pressures, and bottom-line profitability and earnings quality. Lower-levered transactions with tighter costs of financing are likely to place greater emphasis on balance sheet quality and ability to structure deals more creatively—in combination, this introduces a new dimension to asset appraisal and the appetite with which buyers are set to deploy capital.

Despite the challenges associated with the recent slowdown, conditions remain very different from those experienced back in 2008. The banking sector is more resilient, having built up reserves of liquidity and capital on its balance sheet.

The search to uncover new services and products remains an area of focus within the market. Partnerships and alliances are set to continue to thrive, providing exposure to wider customer audiences and more-diverse capabilities.

Businesses are likely to continue looking beyond their core offerings into adjacent services that provide opportunities for growth. In combination, the trend towards digitisation continues to disrupt the industry and deliver a means towards enhancing the customer experience and retaining edge over competition.

Whilst cost pressures persist, there may also be a flurry of consolidation activity, with businesses seeking to leverage synergies to ease profitability concerns. As with most industries, certain sub-sectors of Financial Services remain more resilient to current market conditions—in this instance, assets offering a natural inflation-hedge prove to be attractive.

Business Services Sector Focus

Hannah Rock
Director, Business Services M&A

> "With less leverage, principals and advisers must be more creative when bridging funding gaps and valuation expectations. This gap is the most material change when executing deals in the current environment, as the appetite to transact from both buyers and sellers remains."

Following a record-breaking year for deal activity in 2021, the first half of 2022 largely reflected the persistence of a buoyant M&A market. Moving into the second half of the year, however, a 30% drop-off in Q3 deal activity (compared to prior year) prolonged into Q4, primarily as a result of interest rate pressures and macro-economic volatility. Investor appetite to deploy capital subsided, with bidders taking more time to appraise investments and becoming increasingly willing to rule out opportunities earlier in their diligence processes.

Looking forward to 2023, flight-to-quality assets are set to become an area of enhanced focus, with sponsors seeking out resilient investment opportunities underpinned by earnings quality and cashflow visibility. Deal activity is expected to recover off the back of a number of supply and demand factors. The increasing probability of a UK Labour government being elected, coupled with a potential hike in capital gains tax rates is likely to prompt sellers to realise gains on assets sooner. In combination, private equity sponsors are under increasing pressure to deploy capital and will look to seek out potential bolt-on acquisition opportunities in the market. A weak GBP looks set to make UK assets an attractive proposition, particularly for businesses with footprints that extend further afield.

Businesses such as administration services, offshore trust services and fund admin services are likely to capture attention due to visibility of long-term income streams and the regulation underpinning their market structures. Tech-enabled services across education, HR and legal are also likely to come under closer scrutiny as a result of their competitive margins and subscription-based revenue pipelines. Essential infrastructure services such as connectivity solutions will remain attractive due to long-term contracted revenues and resilient customer demand. Businesses with an ESG focus are likely to command a premium, particularly in an environment where sustainability continue to have significant influence in capital allocation decisions.

Consumer Sector Focus

The Consumer M&A market was highly active in 2021 and throughout the first half of 2022, accounting for approximately 20% of all deal activity. Moving forward, the sector landscape is set to continue reshaping structurally, primarily off the back of rising input and financing costs.

Inflationary forces have exacerbated supply chain challenges induced by Brexit and the Russia-Ukraine conflict, leading to increased cost pressures and declining margins. Reduced consumer spending as a result of the cost-of-living squeeze has impacted top-lines across the industry. Sponsors will look to appraise their portfolios and divest out of non-performing, low-margin businesses.

M&A is likely to continue focusing on vertical integration through either strategic alliances or full-scale acquisitions, with the primary motivations being to secure certainty in supply chains and ride out the current period of macroeconomic volatility.

Digitalised, tech-enabled, consumer businesses also present valuable partnership and acquisition opportunities, primarily as the world continues to adapt to the new, post-pandemic, ways of working. In addition, businesses with a sustainability angle will likely remain attractive, as consumers continue to evolve towards ethical purchasing habits. Once again, both acquisitions and partnership models provide opportunities for new investment.

"Whilst we again face uncertain times with consumer confidence at an all-time low, we believe that companies have sufficient reserves on their balance sheets to maintain investment plans at their current higher levels and, when you look back, those who were bold enough to invest during downturns often came off better than those who didn't." (Oct-22)

Elizabeth Angwin
Partner, Transaction Services

Energy, Resources & Industrials ("ER&I") Sector Focus

Energy and Resources

Energy has always been a hot topic and recent socio-political instability has only cranked up the level of investor interest in the industry further. Looking forward to 2023, infrastructure funds, private equity and utility businesses are lining up to deploy capital across a wide range of opportunities, from power generation and storage capabilities through to renewable energy (both via direct investment and indirect investment in supply chains and ancillary services). Two primary themes are likely to be positioned at the forefront of M&A activity across the sector: i) energy security and commodity prices, and ii) climate change and energy transition.

> "The UK North Sea can remain an attractive investment opportunity, particularly for independents. The recent Ithaca IPO (the 5th largest European IPO of 2022)[10] also suggests renewed public market appetite. This trend is likely to continue, although the appeal for "holding" assets remains while exceptional prices prevail."

Jonathan Hughes
Partner, Transaction Services

> "The energy transition has attracted significant investment and global capital in 2022, thanks to much-improved confidence underpinned in part by international carbon commitments. This is leading many PE and infrastructure investors to launch energy transition funds."

1. Energy Security and Commodity Prices

Energy, power and mining businesses have seen abnormally high levels of profitability and cash flow generation, in the main as a result of volatile energy and commodity prices. Moving forward, this is set to encourage the industry to make significant investment, with International Oil Companies and utility businesses focusing on renewable energy, security of power supply and electricity generation capacity. The UK market may prove to be less attractive than its European peers, primarily as a result of extensions and

[10] Reuters

increases to the Energy Profits Levy and the introduction of the Electricity Generator Levy.

In addition, UK energy firms continue to face pressure from shareholders off the back of a Covid-induced depression in returns which has yet to fully rebound. Precious metals, including lithium, copper, nickel and cobalt continue to prompt mining activity, albeit prices remain high due to wider macro factors.

2. Climate Change and Energy Transition

The UK and Europe are at the forefront of the drive towards renewable energy generation, having already attracted significant amounts of overseas capital for investment in wind, solar and battery capabilities. New technologies continue to gain prevalence, such as hydrogen, carbon capture and storage, floating wind and biofuels. Tepco's recent investment in Flotation Energy is a testament to these as international investors look for a platform to grow market share. Battery storage remains popular as a result of its renewables angle and potential use cases within industrial supply chains.

Industrials

Despite M&A activity decelerating in H2 2022, international corporate buyers and private equity sponsors continued to target high-quality businesses across the UK and Europe off the back of depreciated currencies and the subsequent relative attractiveness of investment opportunities.

Moving into H1 2023, deal activity is expected to remain steady before slowly regaining pace off the back of industry-wide undercurrents, most notably a pressure to secure more ESG-friendly sources of energy. Accelerated efforts to transition from traditional fossil fuels to greener energy sources comes off the back of both reputational risk, as well as the sharp sting of inflated energy costs.

The short-term result of this is likely to be a focus on divesting from underperforming portfolio assets and investing in renewable technologies, carbon capture, hydrogen-as-a-fuel and battery storage. Other disruptive technologies continue to be a hot topic, in particular robotics, artificial intelligence, automation and IoT.

Strategic cross-sector alliances with technology and software businesses are subsequently becoming more commonplace, providing industrial businesses with access to new markets, offerings and consumers.

Security of supply chain remains a key area of focus, with investment being targeted at creating more certainty around delivery of critical operational components—this has led to businesses shifting supply operations in-house or, at the very least, moving them closer to home.

M&A has consistently been the primary motivation for deal activity in the European private debt market, accounting for nearly two-thirds of transactions since the Private Debt Deal Tracker's inception in 2012. Whilst global M&A experienced a turbulent ride in H2 2022, there is renewed hope for a brighter 2023.

Global and UK M&A activity looks set to remain subdued in Q1 and potentially Q2. As macroeconomic conditions stabilise, and market uncertainty begins to distil, the expectation is that M&A should start to regain momentum through the downcycle. Resilient businesses with high earnings quality and strong cashflow generation are likely to command the healthiest debt and valuation multiples and attract both buyer and lender interest; however, we do also expect to see a number of bolt-on acquisitions from businesses looking to purchase high-quality assets that will help strategically position them more attractively when market volatility subsides.

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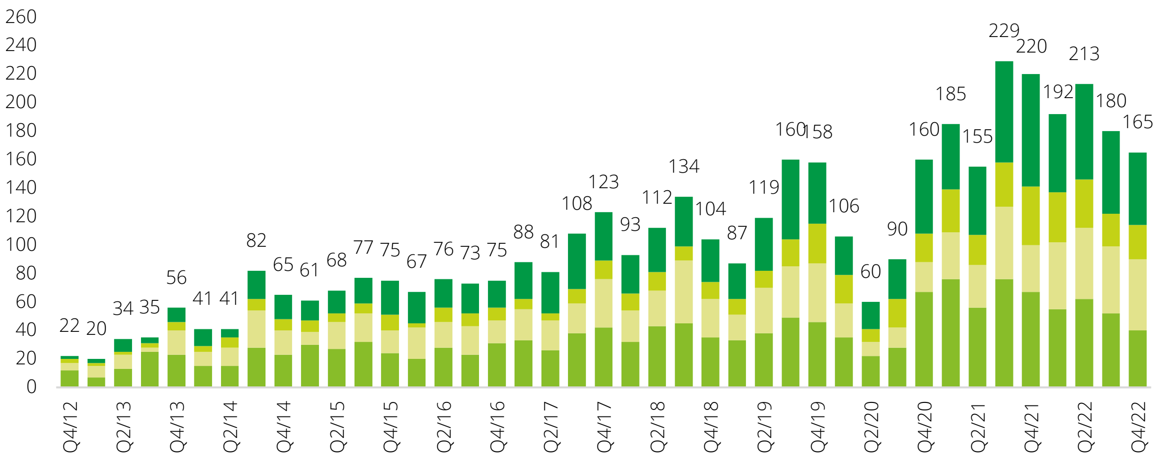
Private Debt Deal Tracker
H2 2022 Deals

The Private Debt Deal Tracker now covers 76 lenders and a reported 4,290 deals

Private Debt Deal Tracker

Currently covers 76 leading private debt lenders. Only UK and European deals are included in the survey.



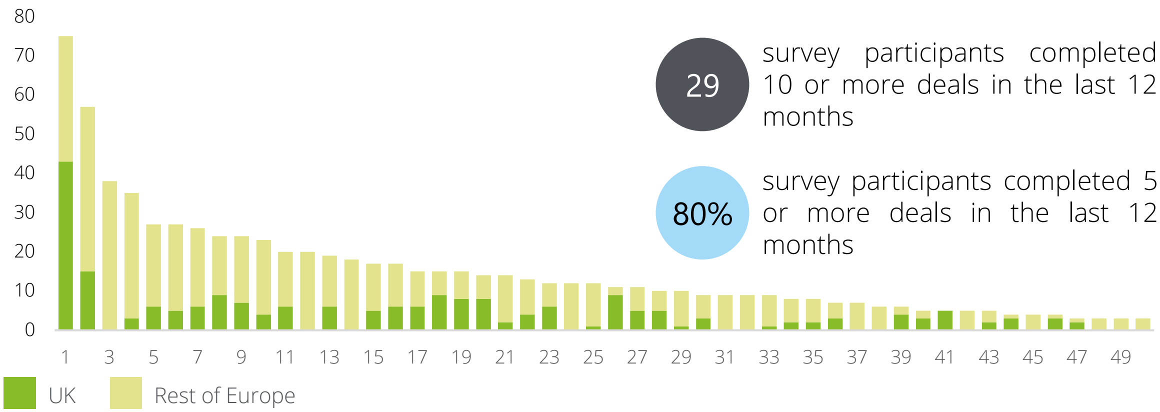
Data in the Private Debt Deal Tracker is typically retrospectively updated for new participants

1,472 UK deals completed

2,818 Euro deals completed

4,290 Total deals completed

Deals completed by survey participants (Last 12 months)



29 survey participants completed 10 or more deals in the last 12 months

80% survey participants completed 5 or more deals in the last 12 months

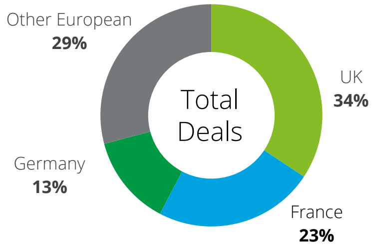
Source: Deloitte Analysis

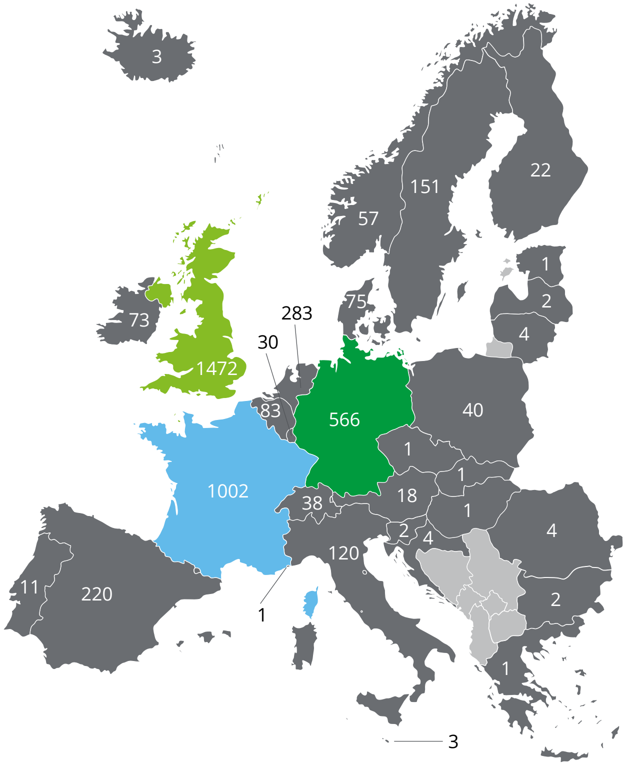
Note: the number of contributors in the Deal Tracker varies quarter-by-quarter, implying that movements in Deal Volumes occur as a result of both minor variations in the number of Lenders contributing deal data, as well as underlying market conditions.

Private debt lenders increasingly seeking to diversify geographies

Total deals across Europe

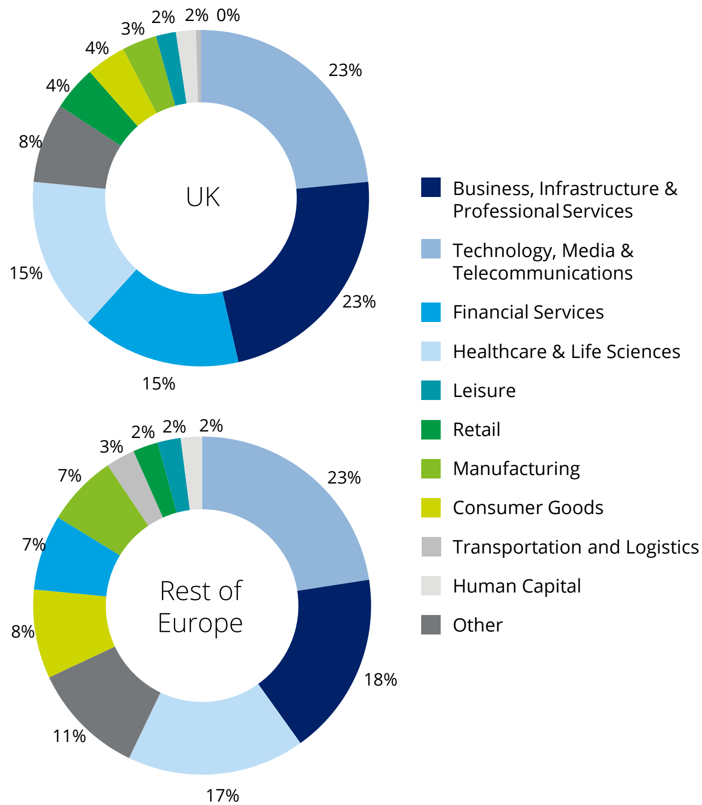
In the last 41 quarters 4,290 (1,472 UK and 2,818 other European) deals were recorded in Europe





Total deals across industries (Last 12 months)

Within the UK, the Business, Infrastructure & Professional Services and TMT industries have been the dominant users of private debt



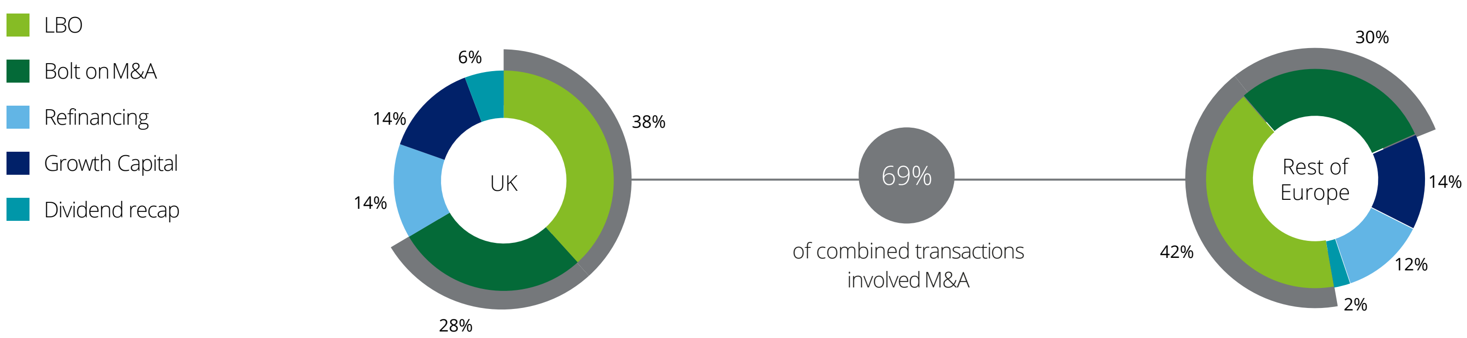
In the rest of Europe there are 5 main industries: TMT, Business, Infrastructure & Professional Services, Healthcare & Life Sciences, Consumer Goods and Financial Services

Source: Deloitte Analysis

M&A remains the key driver for private debt deals, even amidst the slowdown in activity

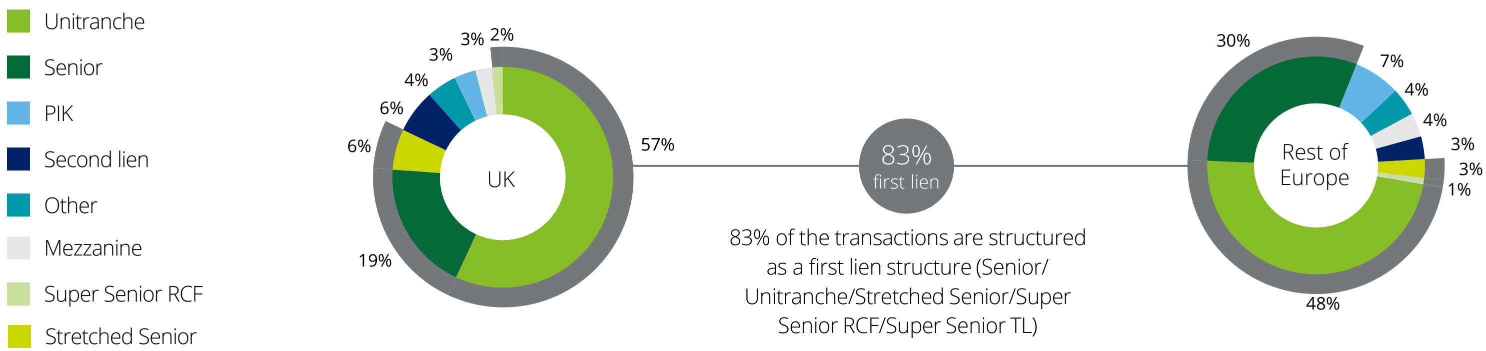
Deal purpose (Last 12 months)

The majority of the deals are M&A related, with 69% of the UK and Euro deals being used to fund an acquisition. Of the 750 deals in the last 12 months, 102 deals did not involve a private equity sponsor.



Structures (Last 12 months)

Unitranche is the dominant structure, with 57% of UK transactions and 48% of European transactions. Subordinate structures represent only 17% 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.

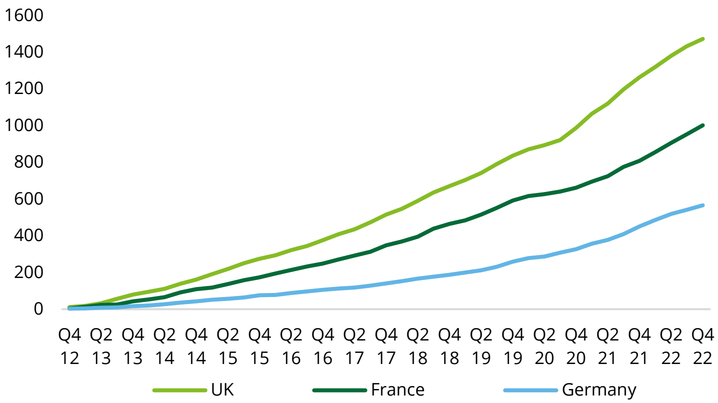
Source: Deloitte Analysis

The UK still leads as the main source of deal volume for private debt lenders in Europe...

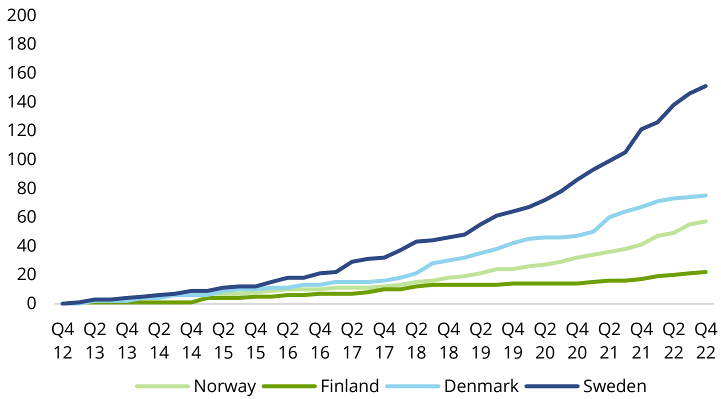
Cumulative number of deals per country

The number of deals is increasing at different rates in various European countries. The graphs below show countries that have completed 5 or more deals until December 2022

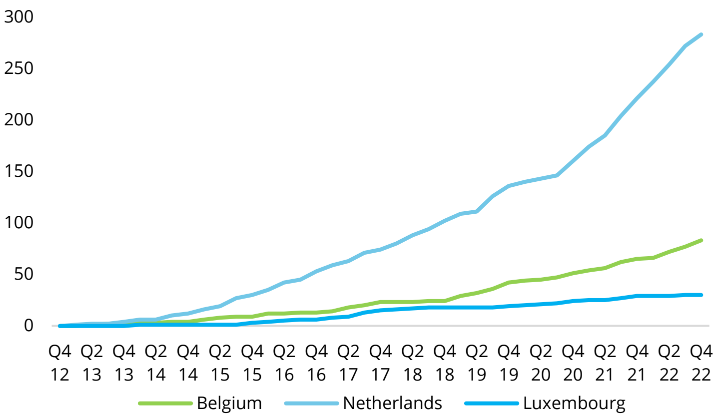
Largest geographic markets for Private Debt Lenders



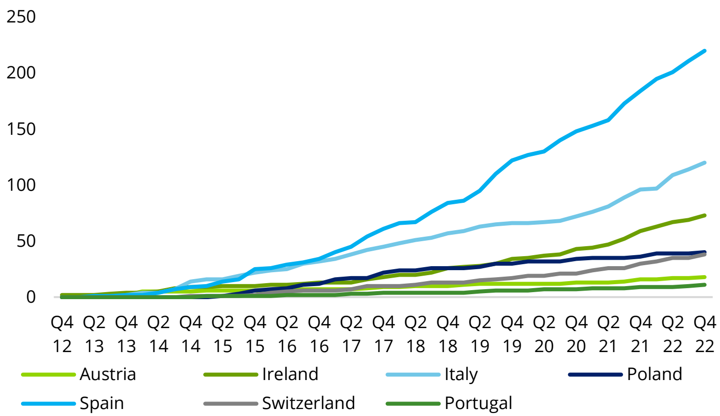
Nordics



Benelux



Other European

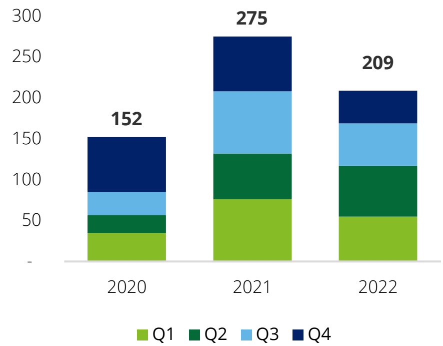


Source: Deloitte Analysis

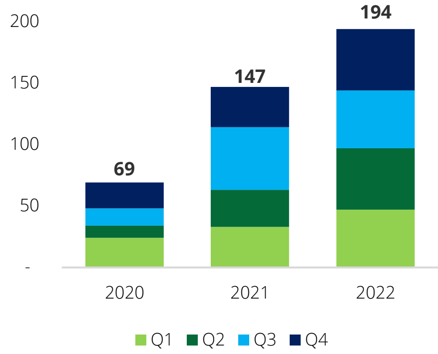
…however, faced stiff competition from France in 2022, particularly after deal activity demonstrated remarkable resilience in H2

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

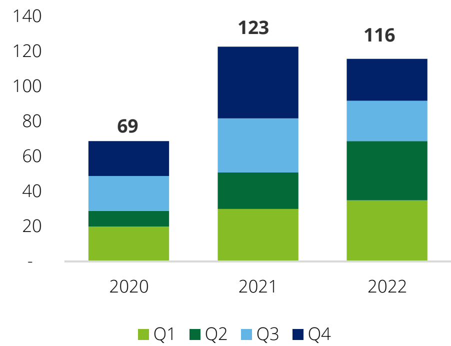
UK



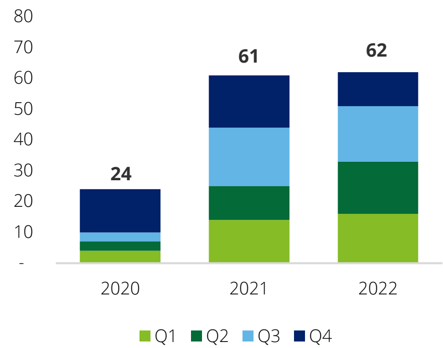
France



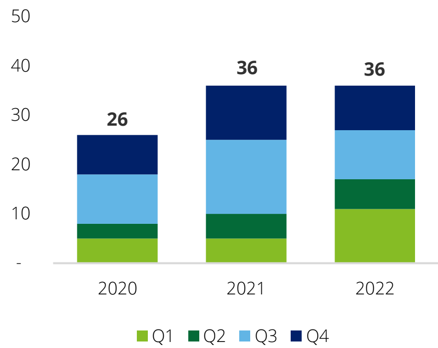
Germany



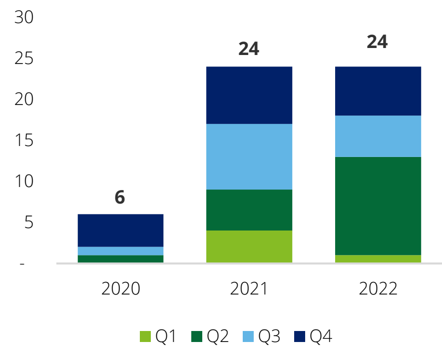
Netherlands



Spain



Italy

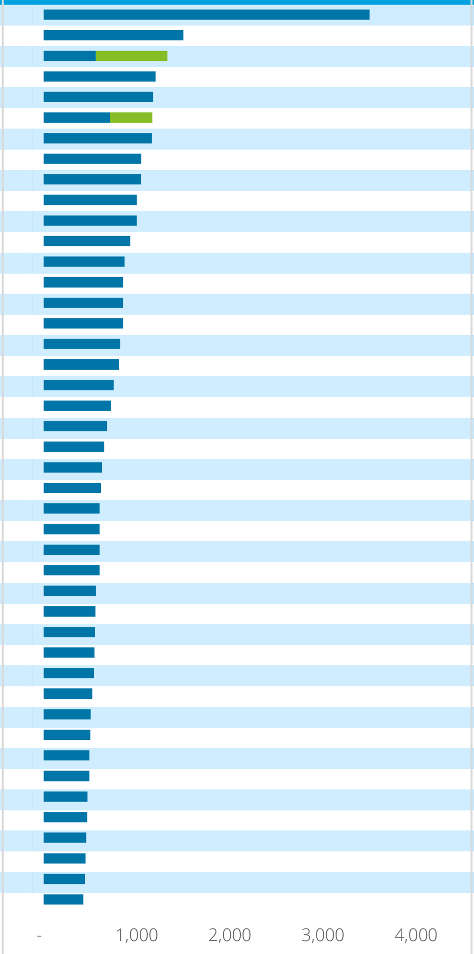


Source: Deloitte Analysis

Landmark unitranche deals reported since Deal Tracker inception

Selected Landmark Unitranche Deals (> 300m)

Borrower	Country	Unitranche in €m	Private Debt Lenders	Sponsor	Date
Access	UK		Park Square, Bain, SMBC, Blackstone Credit, Apollo, HPS, Arcmont	✓	Jun-22
FNZ	UK		Goldman Sachs Private Debt, HPS Partners, Arcmont, Hayfin	✓	Dec-21
CFC Underwriting	UK		KKR, Blackstone Credit	✓	May-22
Fortenova	Croatia		HPS	-	Sep-19
Corden Pharma	Germany		Arcmont, MV Credit, SMBC	✓	Aug-22
PIB	UK		KKR, Apollo	✓	Mar-21
Hermes UK	UK		KKR	✓	Jul-21
Ardonagh	UK		Ares	✓	Jun-20
Envirotainer Ltd	Sweden		CVC, Goldman Sachs Private Debt, KKR, Blackstone Credit	✓	Jul-22
IVIRMA	Spain		Park Square, SMBC	✓	Sep-22
ETC	France		Pemberton, CVC	✓	Oct-22
Davies	UK		Blackstone Credit	✓	Aug-21
Phenna	UK		Arcmont	✓	Dec-22
IRCA	Italy		Carlyle, CVC, Goldman Sachs Private Debt	✓	Sep-22
April	France		Park Square	✓	Dec-22
Doc Generici	Italy		CVC, KKR, Blackstone Credit, HPS	✓	Oct-22
Sanoptios	Germany		Arcmont	✓	Jul-22
Azets	UK		Hayfin, Deutsche, Permira	✓	Oct-22
SumUp	Germany		Bain Capital, Goldman Sachs Private Debt	-	Feb-21
Daisy	UK		Ares	-	Jan-19
Sykes Holiday Cottages	UK		Ares	✓	Apr-22
Forterro	Sweden		Arcmont, CVC, Blackstone Credit	✓	Jul-22
Polynt and Reichhold	Italy		Blackstone Credit	✓	May-16
Flowbird	France		Arcmont, Ares	✓	Nov-21
Odealim	France		Arcmont, Goldman Sachs Private Debt	✓	Sep-22
Theramex	UK		CVC	✓	Aug-22
ASPI	Italy		Blackstone Credit	✓	Apr-22
Vizrt	Norway		Blackstone Credit	✓	Mar-22
Acuris	UK		HPS	-	Sep-19
Questel	France		SMBC, Park Square, Barings, Bridgepoint Credit, Capza	✓	Dec-20
ISP	Spain		Arcmont	✓	Jul-21
Zenith	UK		Goldman Sachs	✓	Mar-17
ION Corporates	Ireland		HPS	-	Sep-19
Audiotonix	UK		Alcentra, Arcmont	✓	Sep-22
DWS	UK		Ares	✓	Dec-20
Outcomes First Group	UK		Barings, HPS, Five Arrows, CVC, Apollo	✓	Sep-19
Kyriba	France		Sixth Street	✓	Apr-19
Ocorian / Estera	UK		Ares	✓	Jan-20
IDH Group	UK		Ares	✓	May-21
QSPR	Germany		Ares	✓	Mar-20
Acqua & Sapone	Italy		Pemberton	✓	Oct-21
HKA	UK		Park Square, SMBC, KKR	✓	Sep-22
IBA Molecular	France		Blackstone Credit	✓	Aug-16
Delinian (Euromoney RemainCo)	UK		Ares	✓	Nov-22

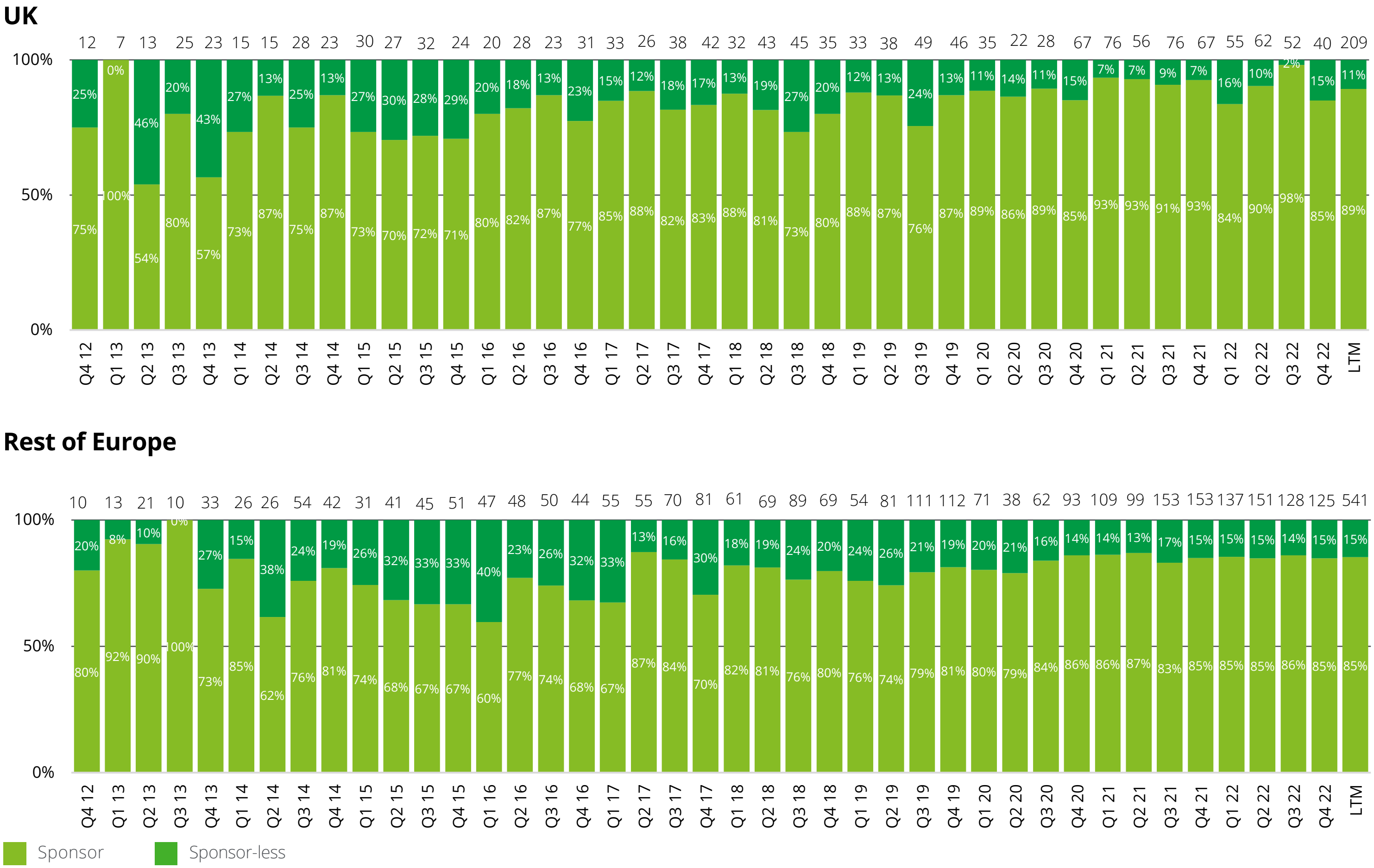


Source: LCD, an offering of S&P Global Market Intelligence, Deloitte research and other publicly available sources

Sponsor-backed opportunities continue to make up the majority of private debt deals

Sponsor backed versus private deals

As % of total deals per quarter



Source: Deloitte Analysis

Case Study:
The Access Group

Europe's largest ever private credit deal provides a differentiated platform for further growth

The Access Group is a leading provider of software applications in the UK, Ireland and Asia Pacific. The company serves more than 75,000 customers across a diversified set of sectors and product offerings.

The Access Group ("Access"), headquartered in Loughborough in the United Kingdom, provides business critical software solutions to its customers. From logistics to recruitment, from care to hospitality, Access brings deep sector expertise to deliver software which supports business productivity, and helps customers get their job done more efficiently.

Access received an initial investment by TA Associates in 2015 and subsequently Hg Capital in 2018, and has been guided by its founder and CEO, Chris Bayne since its inception back in 1991.

Over the last few years, The Access Group has focused its M&A strategy on accelerating growth across multiple areas, targeting companies that would create opportunity in new sectors or provide technology and knowhow that would improve the existing customer experience.

Ahead of the refinancing the group had already significantly expanded its portfolio by completing 45 acquisitions in less than 4 years. Access also had in place a healthy pipeline of identified targets to improve all product divisions whilst expanding its presence across the UK, Ireland and APAC.

James Blastland
Partner, Deloitte Debt, Capital and Treasury Advisory

"It was an absolute privilege to work with Access, Hg and TA on the refinancing process. The strategic requirement for a substantial committed acquisition line really differentiated a private credit option from the other routes available to the business. Lenders were universally positive on the business, it's exceptional management team and the growth prospects for the future"

Rob Binns
Chief Financial Officer, The Access Group

"A key priority for us was ensuring we had a financing structure which would enable us to deliver on our ambitious growth and strategic acquisition pipeline. By going down the private credit route we were able to put in place a substantial level of committed facilities, which has been a key enabler for us in unlocking additional opportunities, including the ability to be agile and move extremely quickly in processes. We are also delighted to have found such a supportive and relationship focused group of lenders who are passionate about being part of our next phase of growth"

A key driver of the refinancing was to support the business with delivering on its continued M&A growth strategy. A thorough benchmarking exercise was undertaken to consider the different financing options available. A key differentiator for Access, in considering the private credit market, was the ability to have substantial committed facilities to facilitate the M&A strategy.

However, running a private process of this scale requires a significant syndication effort and as such Access decided to appoint Deloitte Debt & Capital Advisory to support in the refinancing process with the key priorities of delivering maximum flexibility for M&A, including a supportive group of lenders that could provide additional liquidity above and beyond the day 1 needs.

Deloitte's deep knowledge of debt and capital markets helped the company navigate the lender landscape to identify a group of enthusiastic lenders to provide a private structure which included a committed acquisition facility over £1bn.

Debt, Capital and Treasury Advisory Deal Team

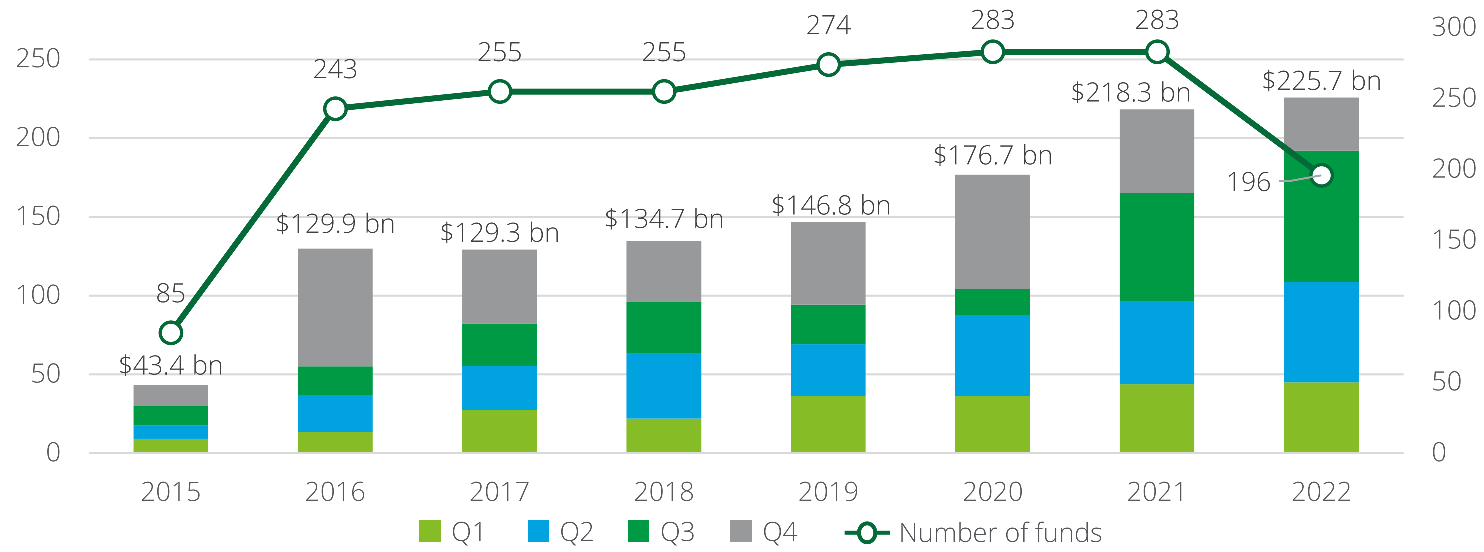
Henry Pearson
Director

Hamish Elsey
Assistant Director

Tamandeep Lally
Manager

Private Debt Fundraising

Global private debt fundraising by quarter[1]



Global trends: fundraising[1]

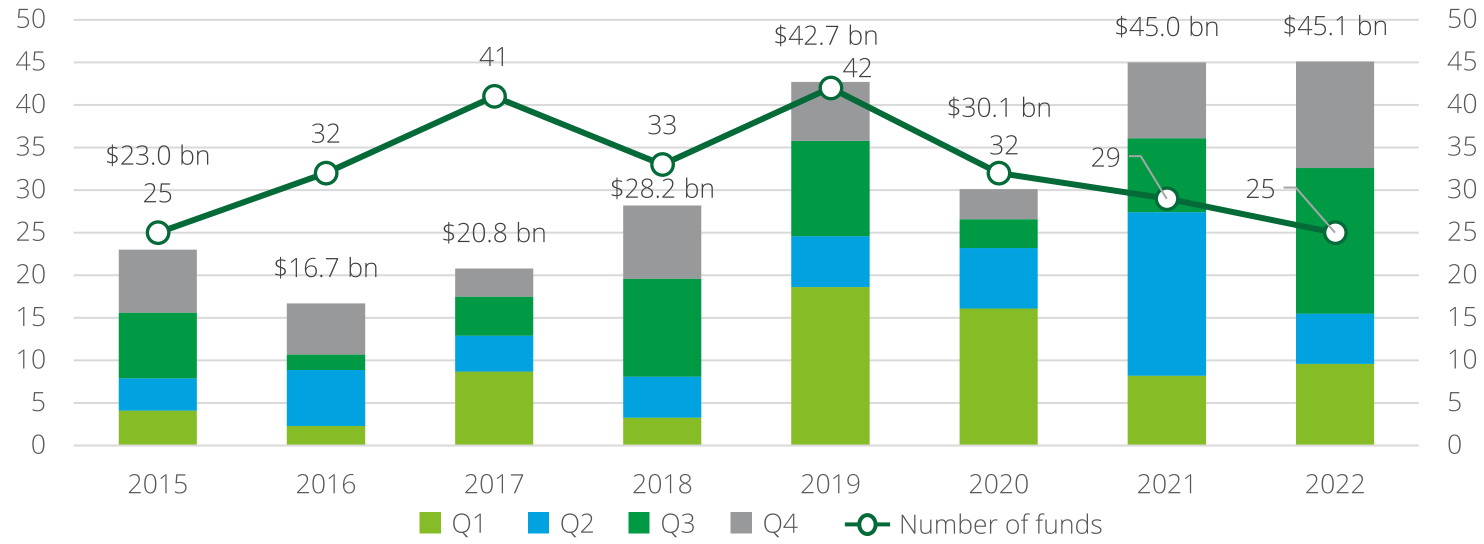
- Private debt quarterly fundraising reached $33.7bn in Q4 2022.
- 2022 beat 2021 which was a record-breaking year for private debt fundraising, with the aggregate capital raised at 225.7bn for the full year 2022 vs 218.3bn in 2021.
- Aggregate capital raised for direct lending was $15.8bn in Q4 2022 (with 21 funds closed over the quarter), followed by $7.6bn for distressed debt (with 4 funds closed) and $2.2bn for mezzanine debt.

Global trends: investor demand[1]

- Preqin's November 2022 survey showed private debt investors are satisfied with their investments, with 28% of investors claiming the asset class exceeded return expectations and 60% saying it met expectations. Just 13% said their private debt portfolio had fallen short of expectations.
- Investors view interest rates and inflation as key concerns, but long-term intentions are at their most positive for seven years. YoY, there has been a substantial increase in the proportion of investors intending to increase their allocation to private debt, up from 47% in 2021 to 63% in 2022 – a high not seen since 2016.
- This trend is continued in the latest Preqin Pro data, which shows investor interest increasing across nearly all strategies. Preqin's data shows that 56% of investors are targeting investments in private debt over the next 12 months, with 51% targeting distressed debt and 49% targeting mezzanine debt – all increases on the comparable figures 12 months ago.

[1] Data sourced from PREQIN

Europe direct lending fundraising by quarter[1]



European trends: fundraising[1]

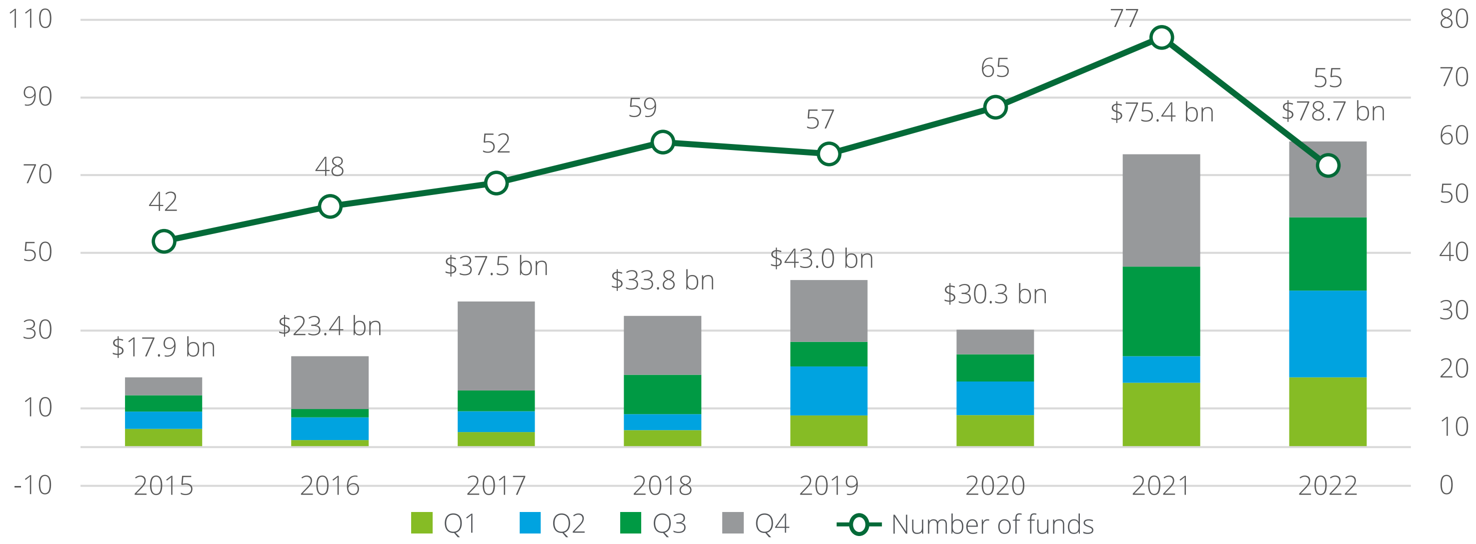
- European private debt funds managed to raise $12.5bn over Q4 2022.
- In Europe, CVC Credit Partners European Direct Lending III closed in December at €6.5bn.[2]

Select largest European funds raised in 2022[1]

- ICG Senior Debt Partners 4 — **$9,199m**
- CVC Credit Partners European Direct Lending III — **$6,500m**
- Ardian Private Debt V — **$5,167m**
- 17Capital Credit Fund — **$2,805m**
- Tikehau Direct Lending V — **$2,142m**

[1] Data sourced from PREQIN
[2] https://www.cvc.com/news/2022/2022-12-02-cvc-credit-raises-its-third-european-direct-lending-fund/

North America direct lending fundraising by quarter[1]



North America trends: fundraising[1]

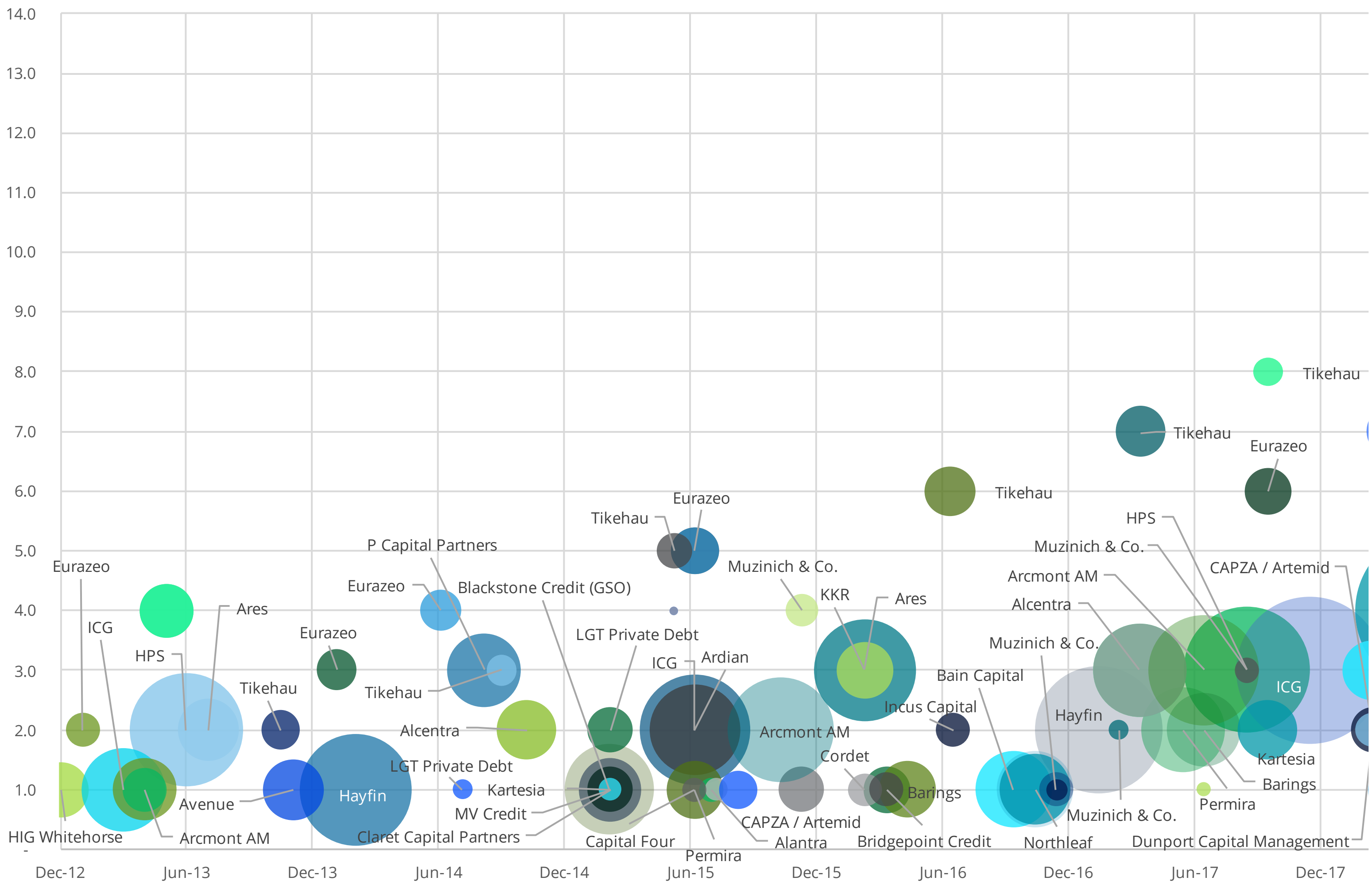
- North America remains the number one market for private debt, with 25 funds raising $19.5bn of capital in Q4.
- Notable fund closes over the quarter included Ares Special Opportunities Fund II.[2] The fund closed at its hard cap of $7.1bn of commitments, exceeding Ares' target of $4.0bn. The fund aims to invest in special opportunities as well as distressed debt when viewed as attractive.

Select largest Nort American funds raised in 2022[1]

- NB Private Debt Fund IV — **$8,100m**
- Barings European Private Loan Fund II — **$7,288m**
- Crescent Direct Lending Fund III — **$6,000m**
- Barings North American Private Loan Fund II — **$4,652m**
- Carlyle Credit Opportunities Fund II — **$4,600m**

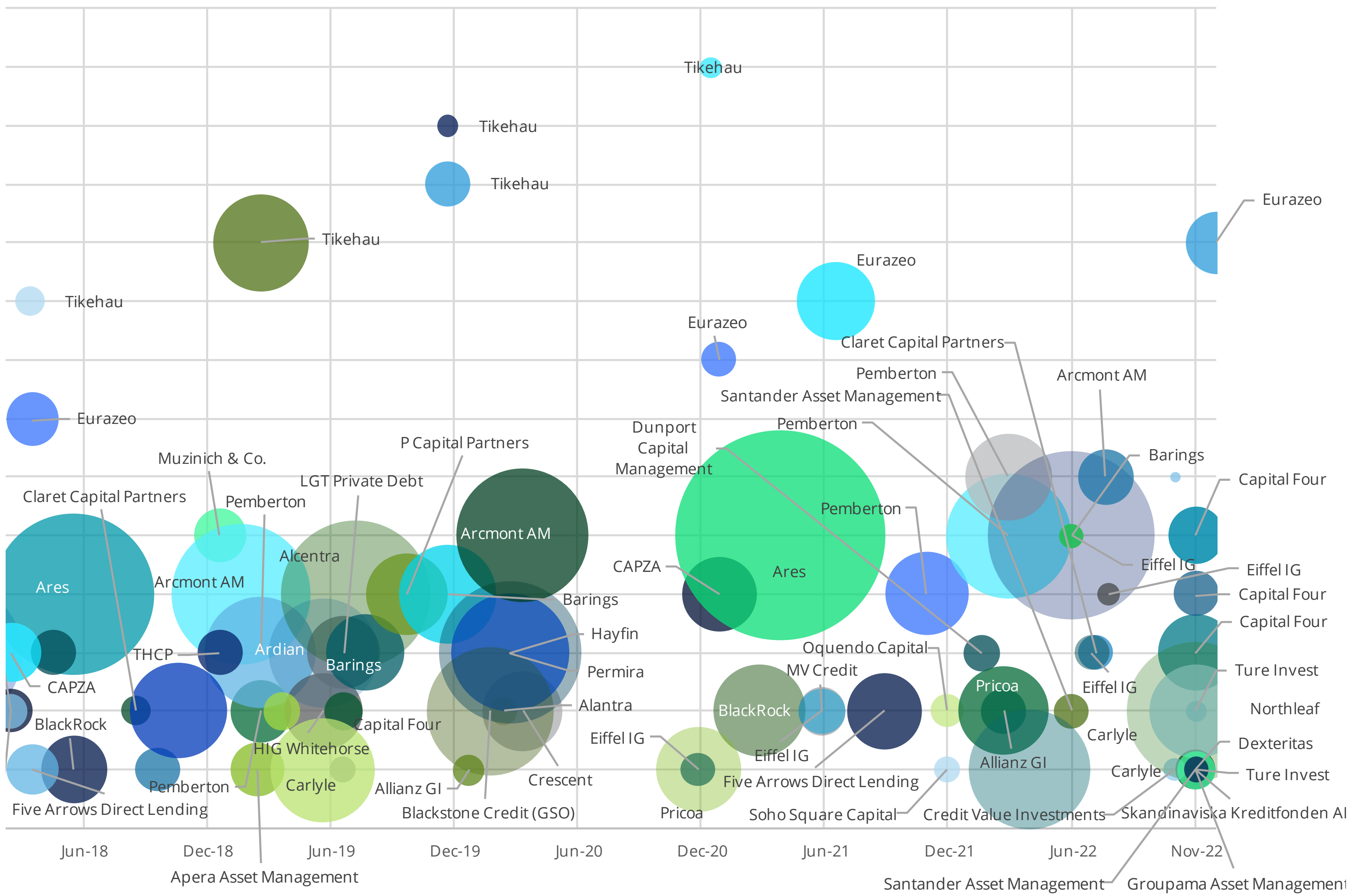
[1] Data sourced from PREQIN
[2] https://www.businesswire.com/news/home/20221021005420/en/Ares-Management-Closes-Oversubscribed-7.1-Billion-Second-Special-Opportunities-Fund

Senior Direct Lending fundraising by manager and vintage



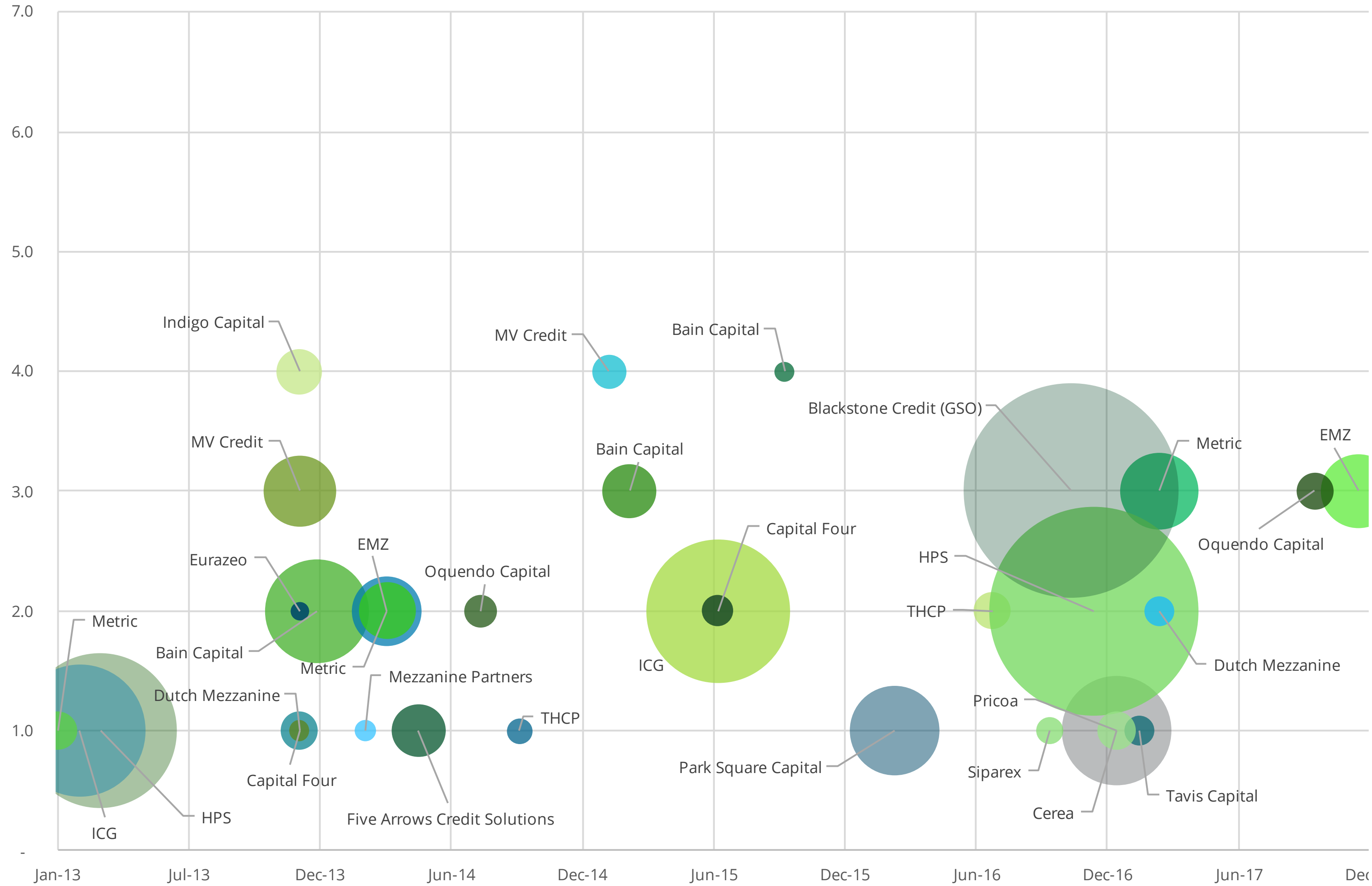
Source: Deloitte Analysis

Senior Direct Lending fundraising by manager and vintage



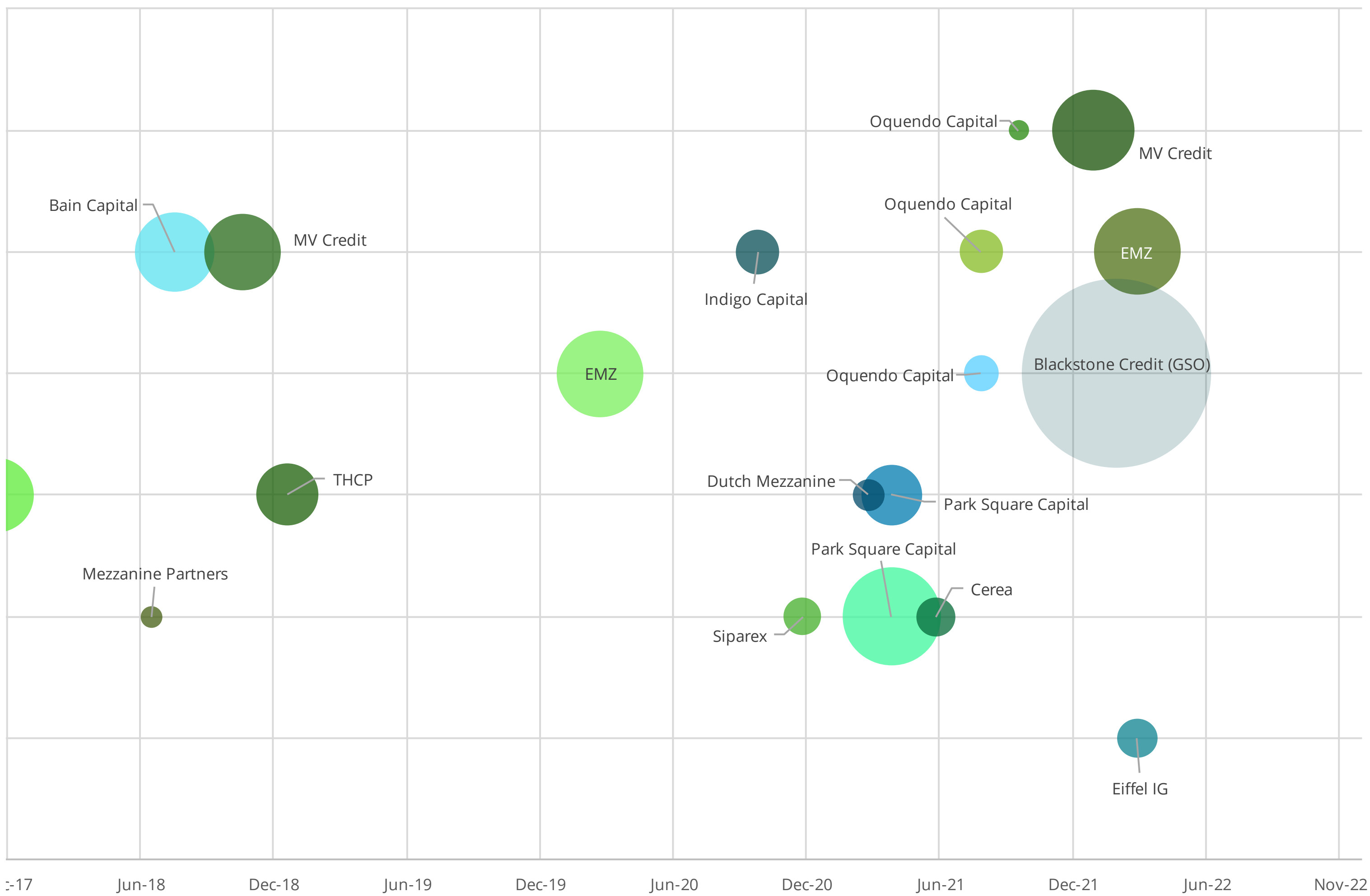
Source: Deloitte Analysis

Junior Direct Lending fundraising by manager and vintage



Source: Deloitte Analysis

Junior Direct Lending fundraising by manager and vintage



Source: Deloitte Analysis

What funds have been raised by private debt managers?

An overview of some of the largest funds (> 1bn) raised in the market

Private Debt Lenders	Date	Size (m) w/o leverage	Investment Strategy	Geography
Alcentra				
European Direct Lending Fund III	Q3 19	€ 5,500	Senior and Junior	Europe
Direct Lending Fund	Q1 17	€ 2,100	Senior and Junior	Europe
Arcmont Asset Management				
Arcmont Direct Lending Fund IV	Q4 22	€ 5,500	Senior and Junior	Europe
Arcmont Senior Fund II	Q1 20	€ 4,400	Senior	Europe
Arcmont Direct Lending Fund III	Q1 19	€ 4,900	Senior and Junior	Europe
Arcmont Senior Loan Fund I	Q3 17	€ 2,900	Senior	Europe
Arcmont Direct Lending Fund II	Q4 15	€ 2,700	Senior and Junior	Europe
Ardian				
Ardian Private Debt Fund IV	Q2 19	€ 3,300	Senior and Junior	Europe
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 V	Q2 21	€ 11,000	Senior	Europe
Ares Special Opportunities Fund, L.P.	Q2 20	€ 3,500	Senior	Europe
ACE IV	Q2 18	€ 6,500	Senior	Europe
ACE III	Q2 16	€ 2,536	Senior and Junior	Europe
Bain Capital				
Bain Capital Specialty Finance	Q4 16	€ 1,406	Senior	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				
European Private Loan Fund III	Q2 22	€ 5,900	Senior	Europe
Global Private Loan Fund III	Q4 19	$ 2,400	Senior and Junior	Global
European Private Loan Fund II	Q3 19	€ 1,500	Senior and Junior	Europe
Global Private Loan Fund II	Q3 17	$ 1,300	Senior and Junior	Global
Blackrock				
BlackRock European Middle Market Private Debt Fund II	Q1 21	€ 2,100	Senior	Europe
BlackRock European Middle Market Private Debt Fund I	Q2 18	€ 1,100	Senior	Europe

Source: Deloitte Analysis

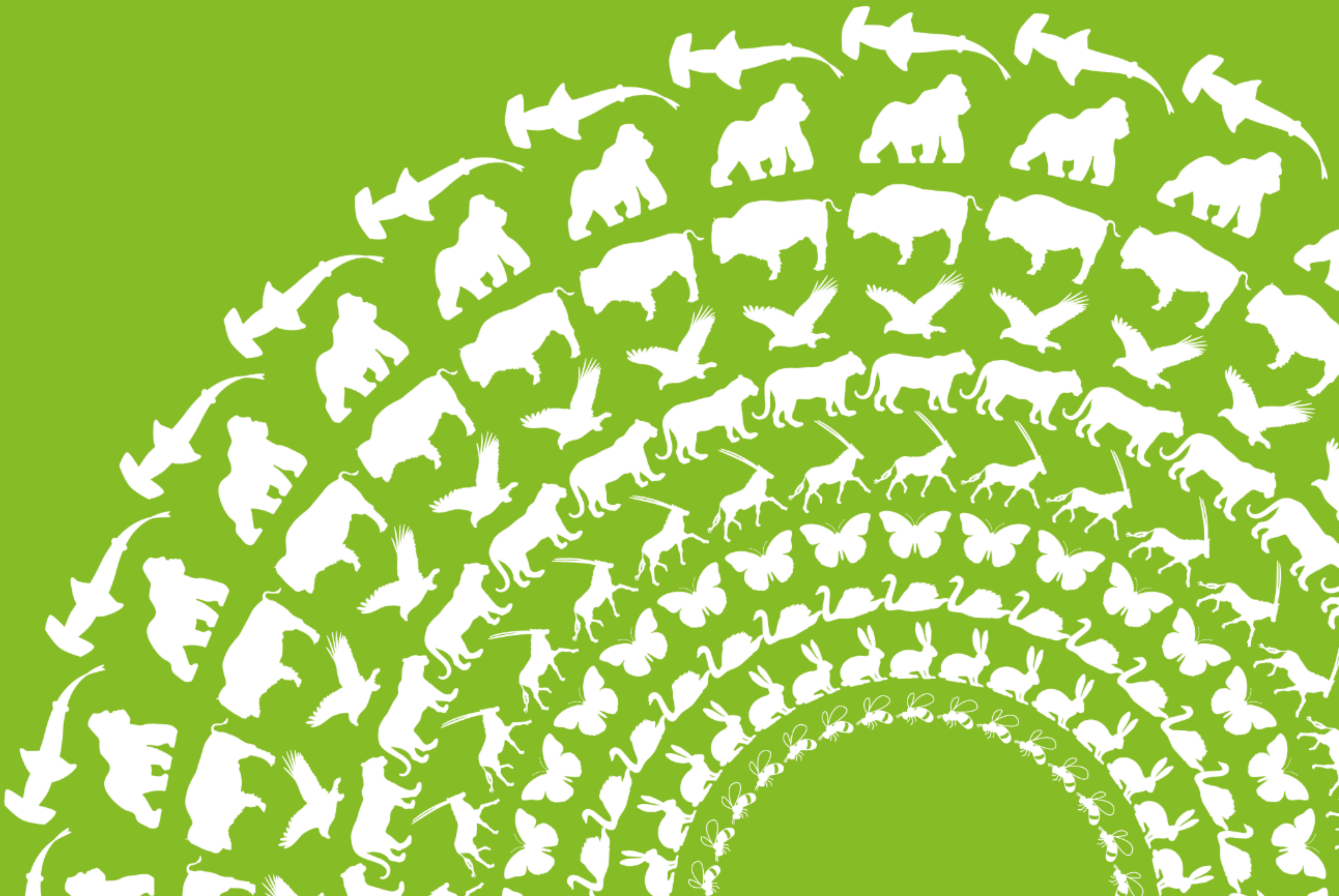
Private Debt Lenders	Date	Size (m) w/o leverage	Investment Strategy	Geography
Blackstone Credit				
Capital Opportunities Fund IV	Q1 22	€ 5,017	Junior	Global
GSO European Senior Debt Fund II	Q1 20	€ 4,088	Senior	Europe
Capital Opportunities Fund III	Q4 16	$ 6,639	Junior	Global
European Senior Debt Fund	Q4 15	€ 1,965	Senior	Europe
Capital Opportunities Fund II	Q1 12	$ 4,120	Junior	Global
Bridgepoint Credit				
Bridgepoint Direct Lending II	Q4 20	€ 2,300	Senior	Europe
Capital Four				
Capital Four—Private Debt III—Senior	Q2 22	€ 1,500	Senior	Europe
Capzanine				
Capza 5 Private Debt	Q1 21	€ 1,414	Senior and Junior	Europe
Carlyle				
Carlyle Credit Opportunities Fund II, L.P.	Q2 22	€ 3,674	Senior and Junior	Global
Carlyle Credit Opportunities Fund, L.P.	Q2 19	€ 2,093	Senior and Junior	Global
EMZ				
EMZ 10	Q1 22	€ 1,057	Senior and Junior	Europe
EMZ 9	Q1 20	€ 1,043	Senior and Junior	Europe
Eurazeo				
Eurazeo Private Value Europe 3	Q4 22	€ 1,000	Senior and Junior	Europe
Eurazeo Private Debt V	Q1 21	€ 1,500	Senior and Junior	Europe
Five Arrows				
Five Arrows Debt Partners III	Q3 21	€ 1,418	Senior and Junior	Europe
Hayfin				
Direct Lending Fund III	Q1 20	€ 5,000	Senior	Europe
Direct Lending Fund II	Q1 17	€ 3,900	Senior	Europe
Direct Lending Fund I	Q1 14	€ 3,000	Senior	Europe
HIG				
H.I.G. Bayside Loan Opportunity Fund V (Europe)	Q2 19	$ 1500	Senior and Junior	Europe
HPS Investment Partners				
Specialty Loan Fund 2016	Q3 17	$ 4,500	Senior	Global
Mezzanine Partners Fund III	Q4 16	$ 6,600	Junior	Global
Highbridge Specialty Loan Fund III	Q2 13	€ 3,100	Senior	Global
Mezzanine Partners Fund II	Q1 13	$ 4,400	Junior	Global
Highbridge Specialty Loan Fund II	Q2 10	€ 1,100	Senior	Global
Mezzanine Partners Fund I	Q1 08	$ 2,100	Junior	Global

Source: Deloitte Analysis

Private Debt Lenders	Date	Size (m) w/o leverage	Investment Strategy	Geography
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
ICG Europe Fund V	Q1 13	€ 2,500	Junior	Europe
KKR				
KKR Lending Partners III L.P. ("KKRLP III")	Q4 18	$ 1,498	Senior	Global
Fund Lending Partners II	Q2 15	$ 1,336	Senior and Junior	Global
LGT Private Debt				
CEPD II	Q3 19	€ 1,350	Senior and Junior	Europe
Northleaf				
Northleaf Senior Private Credit	Q2 22	$ 1,009	Senior	Global
Northleaf Private Credit	Q1 14	$ 1,400	Senior and Junior	Global
Park Square Capital				
Park Square Capital Partners IV SCSp	Q2 21	€ 1,102	Junior	Europe
Park Square Capital Partners III, LP	Q1 16	€ 1,185	Junior	Europe
Pemberton				
Pemberton Senior Loan Fund	Q1 22	€ 1,900	Senior	Europe
Pemberton European Mid-Market Debt Fund III	Q1 22	€ 3,900	Senior	Europe
Pemberton European Strategic Credit Opportunities Fund II	Q4 21	€ 1,750	Senior and Junior	Europe
Pemberton European Mid-Market Debt Fund II	Q1 19	€ 3,056	Senior	Europe
European Mid-Market Debt Fund	Q4 16	€ 1,195	Senior	Europe
Permira				
Permira Credit Solutions IV	Q3 20	€ 3,500	Senior and Junior	Europe
Permira Credit Solutions III	Q2 17	€ 1,700	Senior and Junior	Europe
Pricoa				
PGIM Senior Loan Opportunities I	Q1 22	€ 1,985	Senior	Global
PGIM Capital Partners VI, L.P.	Q4 20	€ 1,819	Senior and Junior	Global
Pricoa Capital Partners V	Q1 17	€ 1,696	Senior and Junior	Global
P Capital Partners				
P Capital Partners	Q4 19	€ 1,670	Senior and Junior	Europe
P Capital Partners III	Q4 14	€ 1,300	Senior and Junior	Europe
Tikehau				
Tikehau Direct Lending V	Q3 22	€ 3,300	Senior and Junior	Europe
Tikehau Direct Lending IV	Q1 19	€ 2,300	Senior and Junior	Europe

Source: Deloitte Analysis

Private Debt People

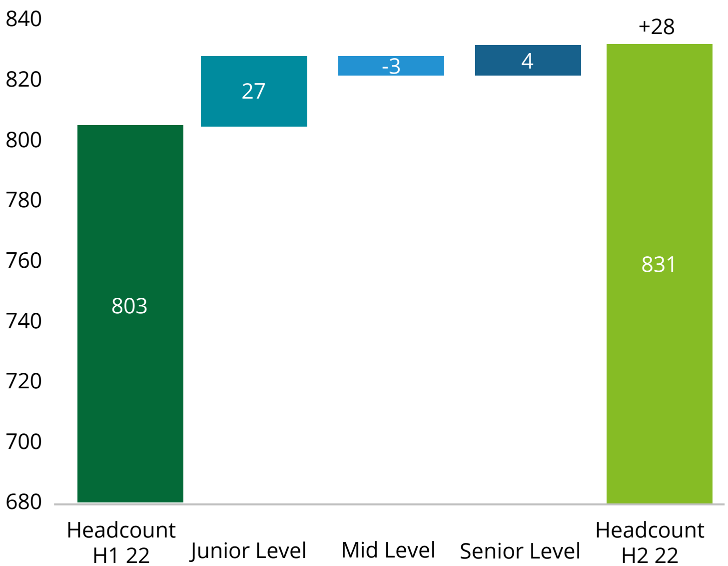


Direct Lending Market Headcount

Summary—2022: The rapid growth of the European direct lending & private credit market throughout 2021 and 2022 began to slow down the latter half of 2022, with net change in H2 2022 down to a mere +28 from +51 in H1. As a whole however, the market grew by +79 in 2022, up from +62 in 2021 and +35 in 2020 indicative of the direct lending & private credit market becoming larger still.

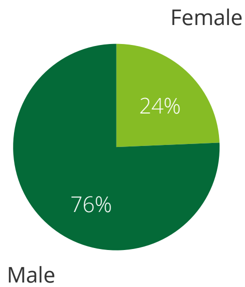
Junior hiring remains the main contributing factor to this growth, particularly in the UK: in contrast to 2021 where the European market 'localised'—mainly in Germany and France—the UK returned as the centre of European hiring in 2022: 65% of all hires were in the UK, up from 41% in 2021.

Notably, gender diversity decreased in 2022, down from previous years: only 21.5% of overall hires were female, down from 24% in 2021, 28% in 2020, 23% in 2019 and 20% in 2018.

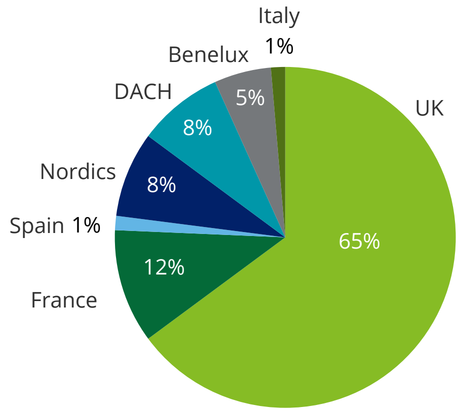


Net Change of Direct Lending IPs in H2 2022

Gender



Geographies



Breakdown of Hiring

Geography: The UK made up an increased proportion of hires in H2 at 65% up from 64% in H1 and up from 58% in H2 2021 (including those based in London but who cover other regions).

There was a downtick in hiring in the DACH region from c.20% across both H1 2022 and H2 2021, down to 8% in H2 2022.

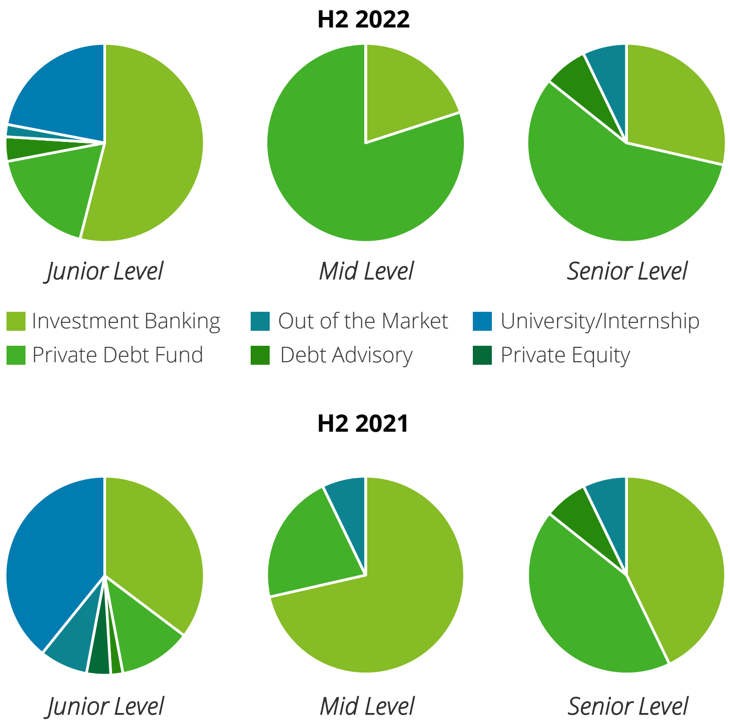
The French market remained consistent, with Paris-based hires contributing 12%. Nordics and Benelux made up 8% and 5%, their highest percentages in recent years, spurred by funds making initial senior origination hires locally.

Gender diversity improved throughout the year, females contributed 24% of all hires, up from 19% in H1 2022.

32% of all junior hires were female whereas only 10% of mid-level, and 14% of senior hires were female.

Seniority of hires remain weighted towards the junior level, with new entrants from banking and university. Senior hires have increased from 18% in H2 21 to 28% for the first half of 2022—this is likely a repercussion of new entrants in the market, hiring team heads or senior originators to build out their functions. Junior and mid-level hiring may well increase throughout the year as these teams look to grow in size.

Diversity levels (%)



Source of Hires & Hiring Patterns

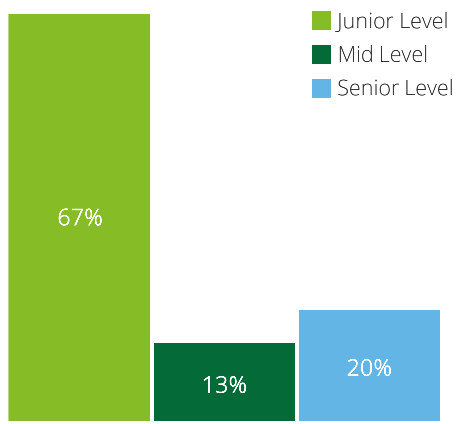
The charts below compare the source of hires between H2 2021 and H2 2022 across three seniority brackets.

Investment banking reappears as the main source of hiring at the junior level after flurry of hires from university/internships in H2 2021.

At the mid & senior levels, fund-to-fund moves have increased, constituting the majority of overall hires and reversing the trend of funds making VP, Director and MD level hires from leveraged finance throughout 2021. This may change throughout 2023 considering investment banks' performance combined with funds increasing their market share.

Our 'people moves' insight below details some of the notable hires & departures in European Direct Lending—for the latest proprietary intel, please reach out to us directly.

Spread of hires at different seniority levels (%)



- For the purpose 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 investment teams where the majority of their investment activity is in special situations, or minority 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 more than 10 years experience.
- Percentages are rounded to the nearest whole number

Alcentra	Philippe de Limburg Stirum left Alcentra for HIG Capital in a PE Capital Markets function.
Ares	Ares have hired Laura Berguig from Permira where she will cover French and Italian markets. Jennifer Kroehl, co-Head of the Ares DACH team, has left.
BlackRock	BlackRock hired Guillaume Claire from LGT Private Debt to co-run French direct lending along with Carl Marin. This follows Florent Trichet's departure to Blackstone earlier in the year.
Blackstone Credit	Blackstone Credit further expanded their DL team, hiring VPs Matteo Barchiesi and Javier Hernandez-Cotton from CPP, and Kristin Risthaus in Frankfurt from Robus Capital.
Bridgepoint Credit	Bridgepoint Credit have hired Simon Christ as a Director from ABN AMRO in Frankfurt.
Capza	David Schulte joined Capza as a Director in Munich from ING.
DWS	DWS hired Rene Hartert in Frankfurt from Natixis and Niels Kleijn in Amsterdam from ING.
Generali Investments	Sandrine Richard left Muzinich to join Generali Investments as the Head of European Private Debt.
Tresmares Capital	Phil Arbour joined Tresmares Capital from ICG to build the UK direct lending business along with Jose Ignacio Dengra and Miguel Sánchez González from Tresmares' Madrid office. MD Kirsten Winterhager also left ICG's direct lending team.
JP Morgan	JP Morgan hired Saskia Weller as a VP in Frankfurt, joining Pierre Maman, MD, responsible for their new European direct lending strategy.
Kartesia	Kartesia hired Davide Maggioni in Milan from UniCredit to be responsible for their senior direct lending activity in Italy.
KKR	David Krancenblum joined KKR in Paris from Morgan Stanley leveraged finance where he works across private credit investing and capital markets.
Macquarie	Rana Misirlizade left Barings to join Macquarie as a Director in London.
Morgan Stanley Investment Management	Morgan Stanley Investment Management hired Shaun Mullin from Sixth Street and Hamza Filali from CVC as MDs covering the UK and French markets. Srijan Thakur also joined the London team from GIC.
Partners Group	Maxime Pitel left Muzinich to join Partners Group in Paris following the departure of David Cahuzac who joined Ardian PE earlier in the year.
Pictet	Pictet hired Jan Henrik Reichenbach from Muzinich in Frankfurt, and Axel Cordonnier in Paris from Ares to be responsible for their DACH and French lower-mid market direct lending investments.

About Paragon Search Partners:

Bruce Lock and Andrew Perry are co-Managing Partners of Paragon Search Partners, a London-headquartered search firm focused on the global credit and alternative asset markets.

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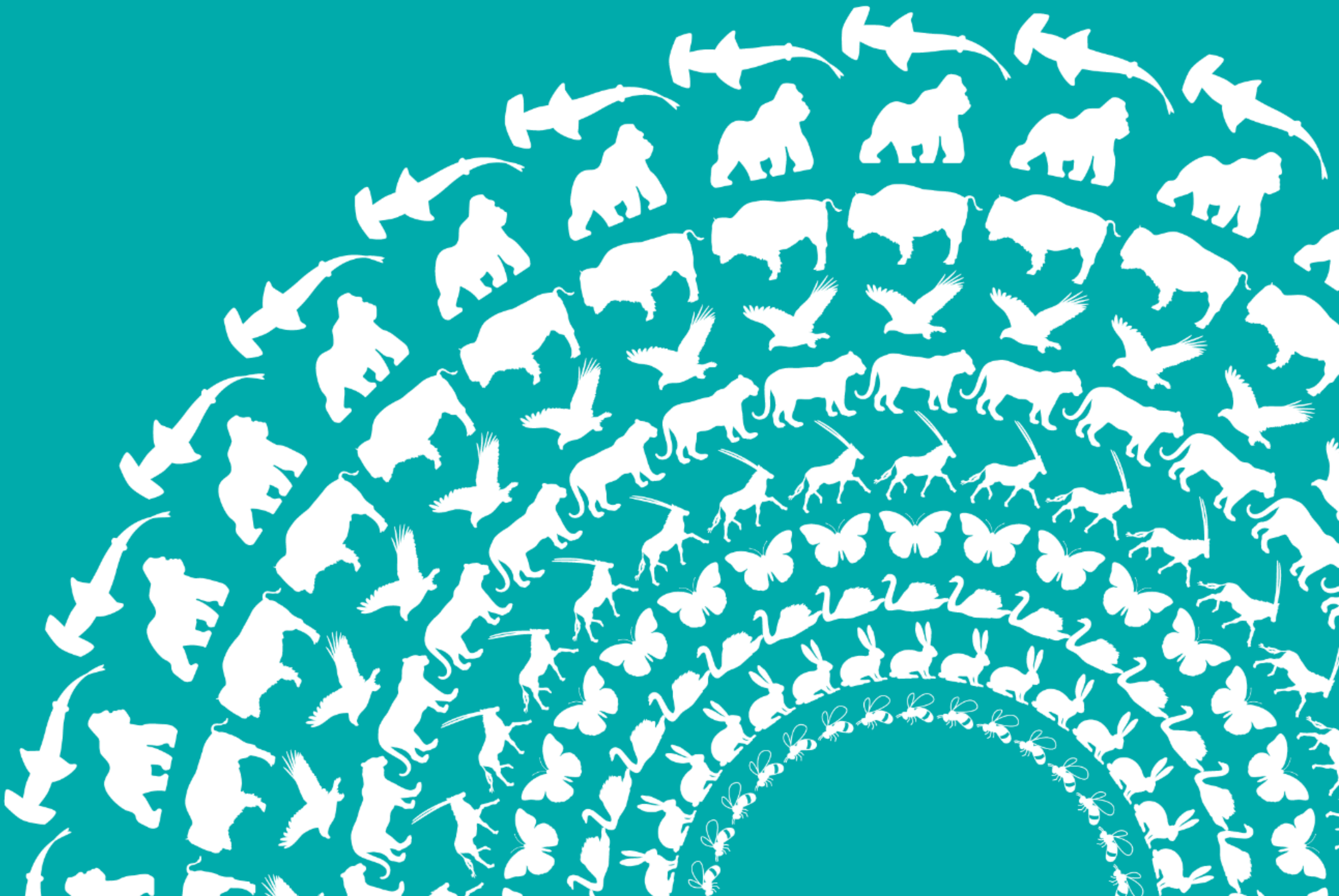
Insights into the European Private Debt Market



Private debt '101' guide

Who are private debt providers and why are they becoming more relevant?

Private debt consists of a wide range of non-bank institutions with different strategies including direct lending, mezzanine, opportunity and distressed debt.

Who are private debt providers?

These institutions range from larger asset managers diversifying into private 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.

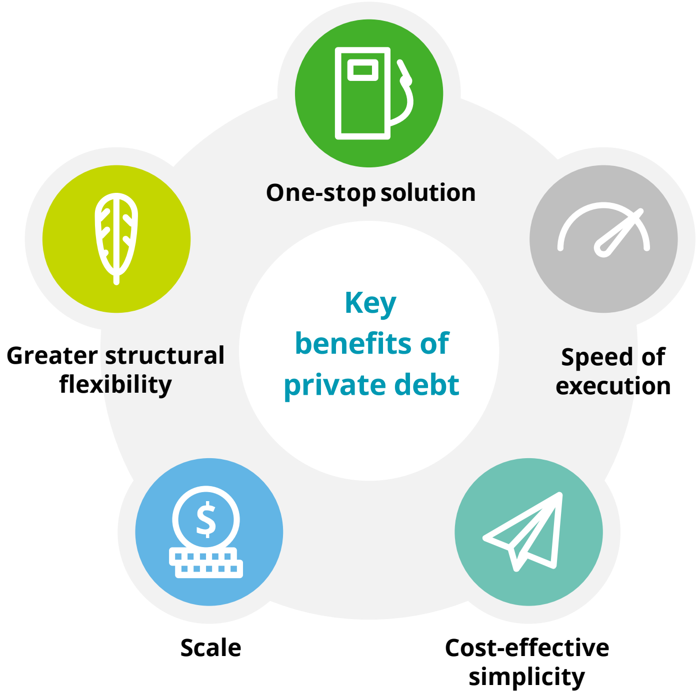
Over the last three years a significant number of new funds has been raised in Europe. Increased supply of Private Debt capital has helped to increase the flexibility and optionality for borrowers.

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

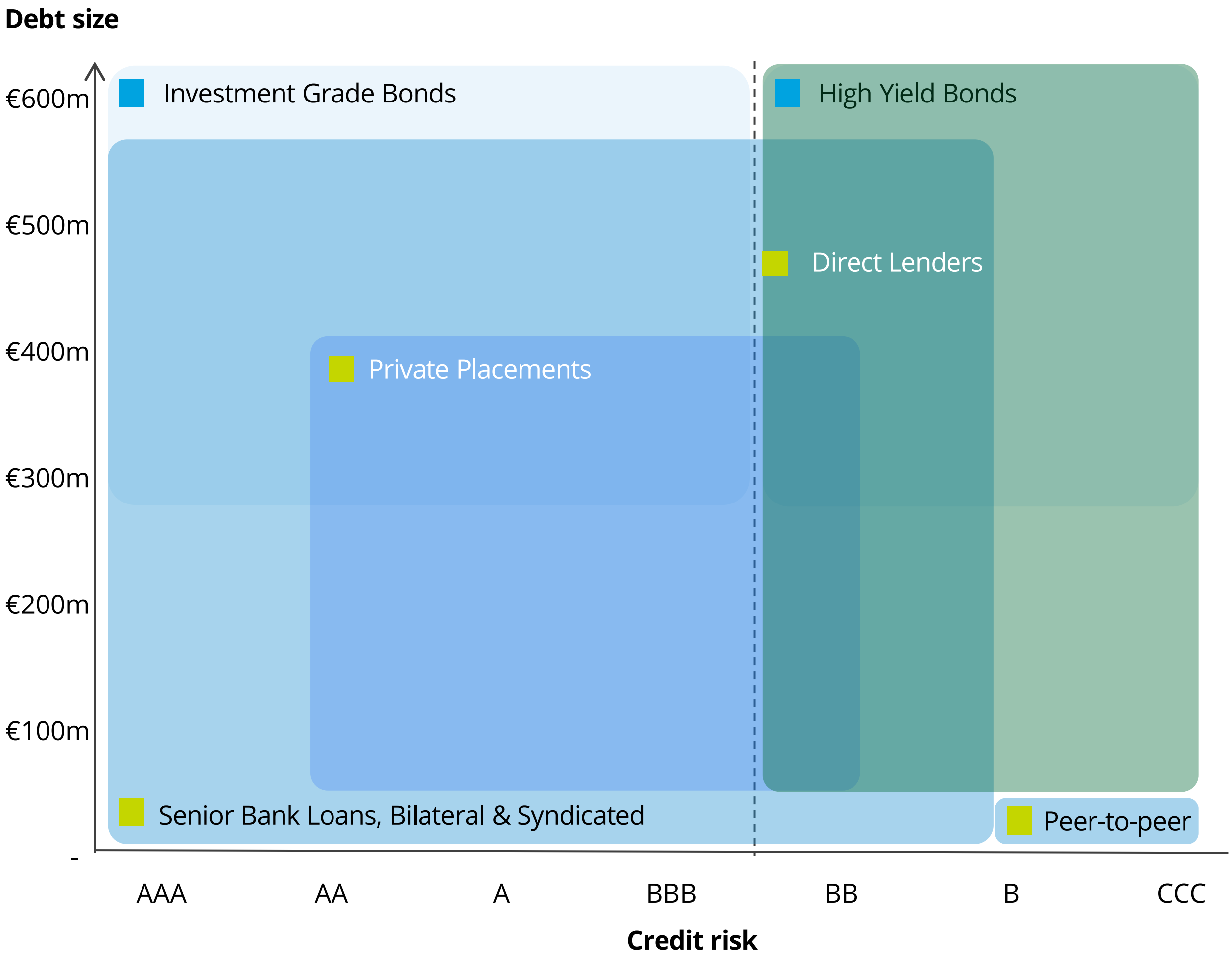
Funds are not able to provide clearing facilities and ancillaries. Funds will target a higher yield for the increased flexibility provided.



When to use private 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

How do private debt providers compare to other cash flow debt products?

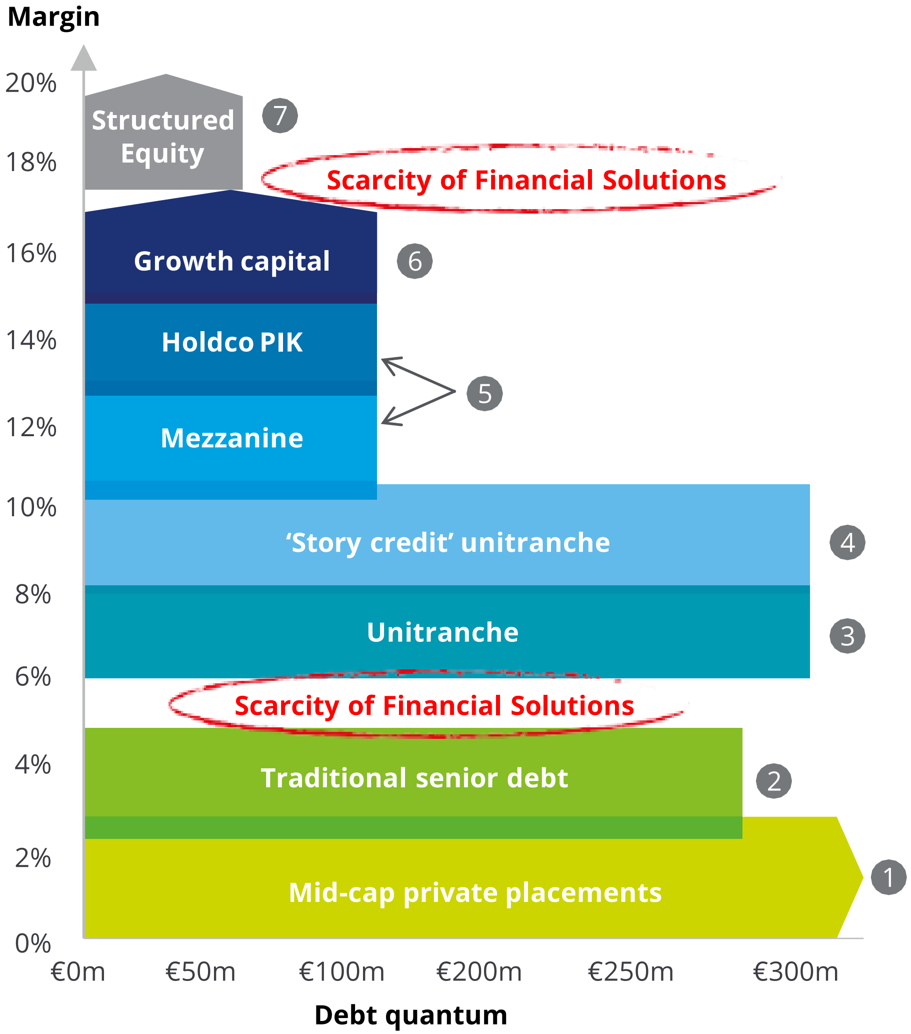


Cash flow debt products

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

- Private
- Public

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 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 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 do private debt investment strategies compare to one another?

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 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

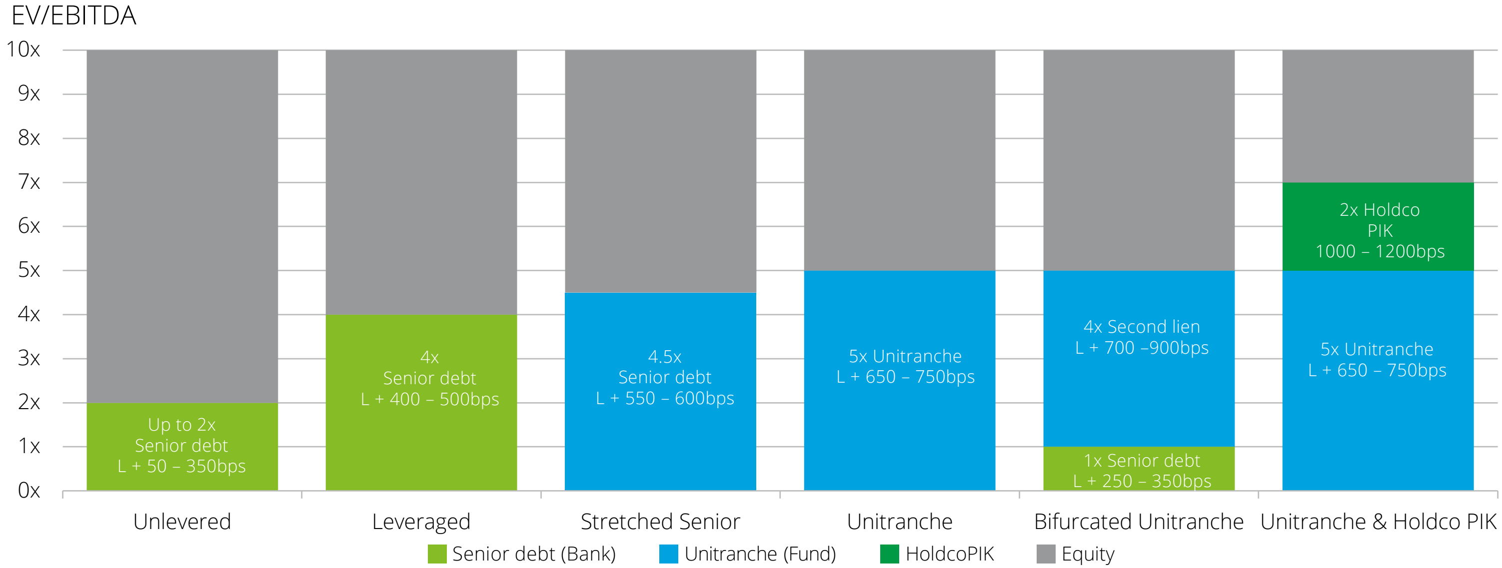
Carried interest—a share of profits above the preferred return rate that the fund manager receives as compensation which is based on the performance of the investment

Who are private debt providers?

Note: offices included with at least one dedicated private debt 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

Unlevered	Leveraged	Stretched Senior	Unitranche	Bifurcated Unitranche	Unitranche & Holdco PIK
L + 50-350bps	L + 450bps	L + 575bps	L + 700bps	L + 700bps	L + 815bps

Pros and Cons per structure

Unlevered
- ✓ Lowest pricing
- ✓ Relationship bank
- × Low leverage
- × Shorter tenor (3-5 years)

Leveraged
- ✓ Increased leverage
- ✓ Club of relationship banks
- × More restrictive terms
- × Partly amortising

Stretched Senior
- ✓ Increased leverage
- ✓ Bullet debt
- ✓ Lower Equity contribution
- × More restrictive terms than Unitranche
- × Higher pricing than bank debt
- × Need for RCF lender

Unitranche
- ✓ Stretched leverage
- ✓ Flexible covenants
- ✓ One-stop shop solution
- ✓ Speed of execution
- ✓ Relationship lender
- × Higher pricing

Bifurcated Unitranche
- ✓ Stretched leverage
- ✓ Flexible covenants
- ✓ Greater role for bank
- ✓ Reach more liquid part of the unitranche market
- × Higher pricing
- × Intercreditor/AAL

Unitranche & Holdco PIK
- ✓ Stretched leverage
- ✓ Flexible covenants
- ✓ Lower equity contribution
- ✓ No Intercreditor
- × Higher pricing

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

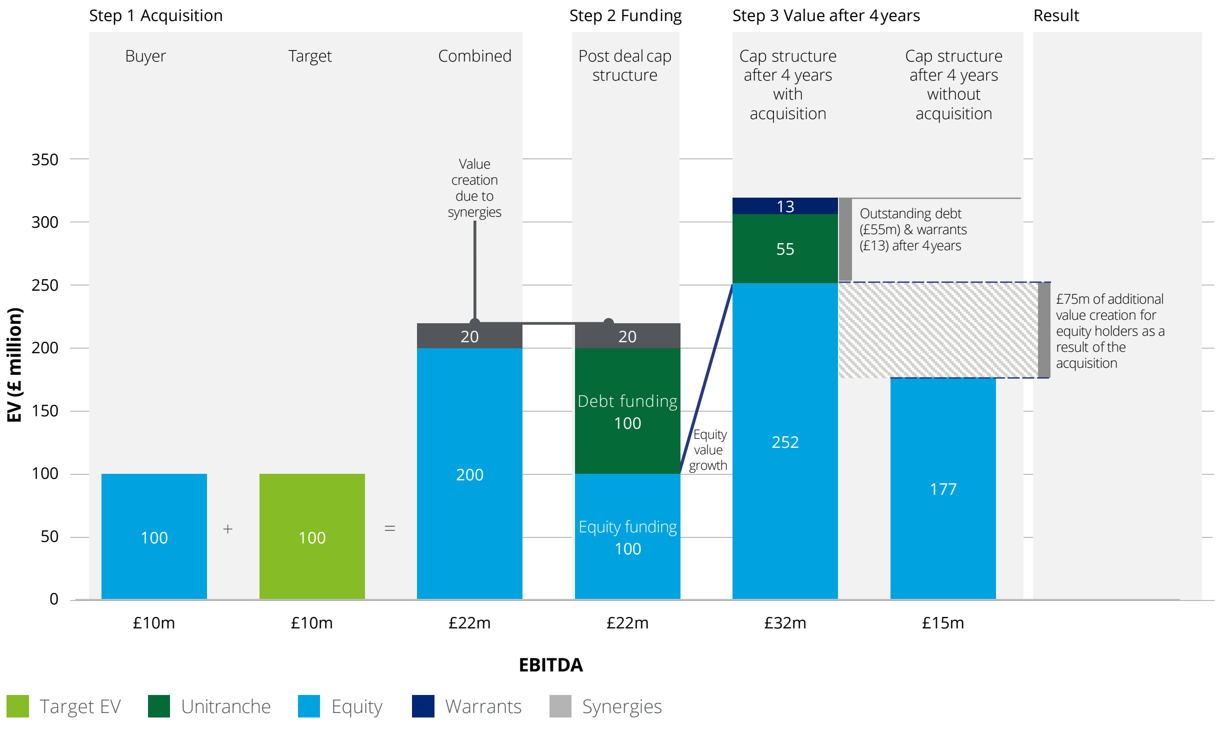
Unlocking transformational acquisitions for privately owned companies

Indicative calculations

- The calculations on this page illustrate the effect of value creation through acquisitions financed using Private Debt
- 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



* 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, Capital & Treasury 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 over 200 debt professionals based in 31 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 130 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 a private debt 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

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Dedicated team of over 100 UK-based professionals with market-leading knowledge and expertise

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Debt and Capital Advisory Credentials

Recent Debt and Capital Advisory Transactions

UK and Mainland Europe

Client	Transaction	Company	Date	Amount	Country
Private	*Growth Financing*	LeydenJar	Dec 2022	Undisclosed	Netherlands
Private	*Dividend Recap*	CS Doors	Dec 2022	€13.9m	Ireland
Private	*Growth Financing*	City ID	Dec 2022	Undisclosed	Ireland
Private	*Refinancing*	Dan	Dec 2022	€39.5m	Portugal
Private	*Refinancing*	Logicalis	Dec 2022	Undisclosed	UK
PLC	*Refinancing*	nccgroup	Dec 2022	£162.5m	UK
PLC	*Amend and Extend*	Midwich Group Plc	Dec 2022	£175m	UK
Private	*New Debt*	Meridiam	Dec 2022	Undisclosed	UK
Baltisse	*Refinancing & Growth F.*	Baltisse / piagroup	Nov 2022	€96.5m	Belgium
Private	*Growth Financing*	Schivo	Nov 2022	€84m	Ireland
Private	*Growth Financing*	D/RES	Nov 2022	Undisclosed	Ireland
Private	*Refinancing*	Cosgrave	Nov 2022	Undisclosed	Ireland
PLC	*Bridge Financing*	esken	Nov 2022	£50m	UK
Gilde Healthcare	*Acquisition financing*	Sanquin / Gilde Healthcare	Oct 2022	Undisclosed	Netherlands
Hg Capital LLP	*Refinancing*	Azets	Oct 2022	£725m	UK
Bassac SA	*Acquistion Financing*	Bassac / Maisons Baijot	Oct 2022	€55m	Belgium
Smartfin	*Refinancing*	Smartfin / hex-rays	Oct 2022	€25m	Belgium
PLC	*Amendment*	Ted Baker	Oct 2022	£90m	UK
IceLake Capital	*Acquisition financing*	Construct IF / IceLake	Sep 2022	Undisclosed	Netherlands
Private	*Forward flow programme.*	build	Sep 2022	Undisclosed	Netherlands
Core Equity Holdings	*Refinancing & Growth F.*	Core Equity Holdings / mint	Sep 2022	€67m	Belgium
Private	*Refinancing & Growth F.*	Matrix Pack	Sep 2022	€33m	Greece
M&G, Searchlight	*ABL (Non-recourse rece.*	Survitec	Sep 2022	Undisclosed	UK
Private	*Refinancing*	The Temple Bar	Sep 2022	€28.8m	Ireland
PLC	*Refinancing*	Domino's	Aug 2022	£400m	UK
Private	*Debt advisory*	advanzia	Aug 2022	Undisclosed	Netherlands
EAG	*Acquistion Financing*	EAG / fastback	Aug 2022	€12.1m	Belgium
Private	*Refinancing*	Herbert Park Hotel	Aug 2022	€48.4m	Ireland
Private	*Refinancing*	edward	Aug 2022	€24m	Ireland
PLC	*Amend and Extend*	RWS	Aug 2022	$220m	UK

Debt and Capital Advisory Credentials

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UK and Mainland Europe

Strikwerda Investments	*Acquisition Financing*	Strikwerda Investments / eshgro	Aug 2022	Undisclosed	Netherlands
PLC	*Amend and Extend*	trainline	Jul 2022	£325m	UK
Capital A	*Refinancing*	Capital A / pci	Jul 2022	Undisclosed	Netherlands
Private	*Refinancing*	Project Rise	Jul 2022	€46.4m	Belgium
Private	*Bridge Financing*	MATALAN	Jul 2022	Undisclosed	UK
Livingbridge	*Acquisition Financing*	CitNOW	Jul 2022	Undisclosed	UK
Phoenix Equity Partner.	*Acquisition Financing*	Dufrain	Jul 2022	Undisclosed	UK
EMK Capital	*Refinancing*	Reconomy Group	Jun 2022	Undisclosed	UK
Hg Capital LLP and TA .	*Refinancing*	access freedom to do more	Jun 2022	£3.5b	UK
Rivean Capital	*Acquisition Financing*	2Connect	Jun 2022	Undisclosed	Netherlands
Arcline Investment	*Acquisition Financing*	COREDUX	Jun 2022	Undisclosed	US/Netherlands
Private	*Refinancing*	Quorn	Jun 2022	Undisclosed	UK
Finch Capital	*Structured Finance*	in3	Jun 2022	$85m	Netherlands
Finch Capital	*Structured Financing*	Project Light	Jun 2022	Undisclosed	Netherlands
NPM Capital	*Acquisition financing*	Project Chain and Impact	Jun 2022	Undisclosed	Netherlands
BB Capital	*Acquisition financing*	Project Cosmo	May 2022	Undisclosed	Netherlands
Bencis Capital Partner.	*Acquisition Financing*	Project Numa	May 2022	Undisclosed	Netherlands
2Connect/Rivean	*Acquisition financing*	Project Jump	May 2022	Undisclosed	Netherlands/UK
PLC	*Refinancing*	discoverIE	May 2022	£240m	UK
Private	*Restructuring*	Figeac Aero	May 2022	€330m	France
PLC	*Refinancing*	Card Factory	Apr 2022	£150m	UK
Private	*Growth Financing*	Project Skywalker	Apr 2022	Undisclosed	Netherlands
Parcom Capital	*Sell-Side Financing Su.*	Project Polestar	Apr 2022	Undisclosed	Netherlands
Bregal Milestone	*Acquisition Financing*	redstor	Apr 2022	Undisclosed	UK
Private	*HoldCo financing*	Dalmore Capital	Apr 2022	Undisclosed	UK
Standard Investment	*Refinancing*	Project Storage	Mar 2022	Undisclosed	Netherlands
Nordian Capital	*Acquisition Financing*	Project Alternator	Mar 2022	Undisclosed	Netherlands
Stanley Capital	*Acquisition Financing*	Qinecsa	Mar 2022	Undisclosed	UK
Private	*Acquisition Financing*	MonVéto	Mar 2022	€105m	France
Carlyle	*Refinancing*	Hurst Point Group	Mar 2022	Undisclosed	UK

Debt and Capital Advisory Credentials

Recent Debt and Capital Advisory Transactions

UK and Mainland Europe

Client	Transaction	Project	Date	Amount	Country
PLC	*Refinancing*		Mar 2022	£300m	UK
PLC	*Acquisition Financing*		Mar 2022	£100m	UK
Inflexion Private Equi.	*Acquisition Financing*	Project Jordaan	Feb 2022	Undisclosed	Netherlands
PLC	*Refinancing*		Jan 2022	£81.5m	UK
Arcline	*Acquisition Financing*	Project Scout	Jan 2022	Undisclosed	Netherlands/US
Private	*Refinancing*		Jan 2022	Undisclosed	UK
Empik	*Growth Financing*		Jan 2022	z53m	Poland
JCD	*Refinancing*		Jan 2022	€120m	Ireland
Project Seven	*Acquisition Financing*		Jan 2022	Undisclosed	Netherlands
Project Levali	*Acquisition Financing*		Jan 2022	Undisclosed	Netherlands

Debt and Capital Advisory Credentials

Recent Debt and Capital Advisory Transactions

Other International

Type	Service	Company	Date	Value	Country
Private	*Growth Financing*	Colossos S.A. Hotel & Tourist Enterprises	Dec 2022	€41m	Greece
Private	*Growth Financing*	Profarm	Dec 2022	€13.5m	Greece
Private	*Growth Financing*	SingularLogic	Dec 2022	€6.4m	Greece
Private	*Transfer Pricing of De.*	Kerry	Dec 2022	Undisclosed	South Africa
Private	*Hedge Advisory*	SKG	Nov 2022	Undisclosed	South Africa
Private	*Funding Model*	De Beers	Nov 2022	Undisclosed	South Africa
Private	*Refinancing*	Soviet	Nov 2022	Undisclosed	South Africa
Private	*ABL*	Project Hawkeye	Nov 2022	Undisclosed	South Africa
Private	*Acquisition Financing*	Blue Label Telecoms	Oct 2022	Undisclosed	South Africa
Private	*Financial Model Build*	Project Bolton	Jun 2022	Undisclosed	US
Private	*Financial Model Build*	BCX	May 2022	Undisclosed	South Africa
Private	*Refinancing*	Project Navitas	Apr 2022	£118m	Botswana
Private	*Acquisition Financing*	Ignition Group	Mar 2022	$36m	South Africa

Notes

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