Expanding into new markets

Deloitte Alternative Lender Deal Tracker Summer 2018

Financial Advisory

This issue covers data for the first quarter of 2018 and includes 76 Alternative Lender deals, representing an increase of 22% in deal flow on a last 12 months basis in comparison with the previous year.

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Deloitte Alternative Lender Deal Tracker Q1 2018 Data Introduction

In the nineteenth edition of the Deloitte Alternative Lender Deal Tracker, we report that the Direct Lending market grew steadily in the 12 months to the end of the first quarter of 2018, a 22% increase on the previous year. Lending in this quarter alone, however, reached 76 deals, representing a 7% decline in comparison to the same period in 2017.

Although deal volume slightly declined in the first quarter of 2018, the penetration of Direct Lending continues, increasing 22% year on year. With an abundance of dry powder and continued search for yield, we expect this trend to continue into 2019.

From a macroeconomic perspective, there is a growing divergence between the US, Europe and the UK, with the former showing GDP growth of 2.3% in Q1 2018, versus 0.4% and 0.2% in Europe and the UK respectively. In June the US Federal Reserve raised interest rates for the seventh time, to 2.0%. With the UK rate unchanged for the last nine years since the financial crisis, the gap of 150 basis points is wider today than at any point within the last thirty five years.

Indeed the UK's GDP growth of 0.2% for Q1, marks the slowest pace in more than five years and provides little incentive for the Bank of England to follow suit and increase interest rates in the short term.

There has been a 3.3% fall in manufacturing output in the year to April, the fourth consecutive monthly decline this year. This is not an isolated occurrence with construction and mortgage approvals also down 3.3% and 5.9% respectively, alongside continued pressure on the high street.

There are some signs that more cautious sentiment is beginning to filter through into the loan markets. Whilst Q1 may not be the indicator of things to come for the rest of 2018, primary market participants have begun to push back on documentation, and new issue pricing has risen 70 and 100 basis points in margin respectively for single B and double B credits respectively. There are no clear signs that the more cautious approach in the syndicated market has trickled down to the Direct Lending markets. This could be due to the pressure managers are facing to deploy record levels of dry powder, with access to €57 billion in commitments targeting the region as of March 2018, up nearly €3 billion from the end of last year.

22%

Increase in deal flow year-on-year

1381

Deals completed

The Nordic regions have been attracting an increasing amount of attention from Direct Lenders recently. In this quarter's edition, we focus on this region, which has exhibited a 31% year-on-year increase in Direct Lending, driven by an increasing demand for alternative capital, predominantly driven by Sweden, where activity has near doubled since the same period last year, albeit from a low base. For the article, turn to page 32.

In this quarter's edition, we also focus on the growing usage of fund finance, with financial sponsors and Direct Lending Funds increasingly calling on banks to provide subscription lines and leverage facilities respectively, in an effort to increase operational flexibility and boost returns. We interviewed key market participants on both sides of the equation to learn how they are approaching these transactions, in our feature on page 36.

It is clear that direct lending asset managers have record levels of commitments to deploy. Whilst these funds have begun to increase their penetration within Western Europe, we believe that the less mature markets within Central and Eastern Europe – to date under exploited – will become an area of focus within the next three years. For a number of direct lending funds, these jurisdictions are currently 'off-limit', however we expect this is to change as managers begin to recognise the relative opportunity on offer and thereby increase allocation to these jurisdictions, albeit initially with higher risk/return thresholds.

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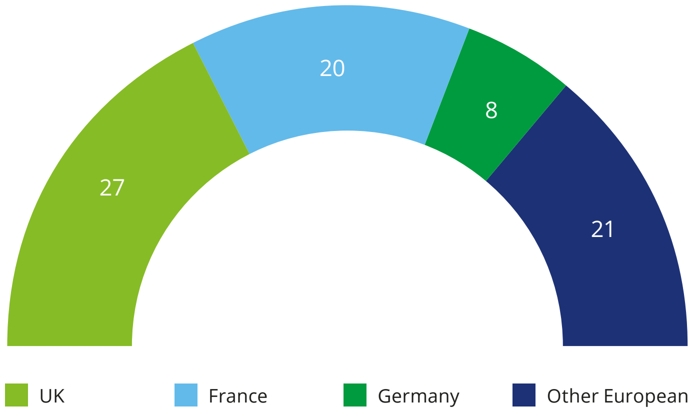
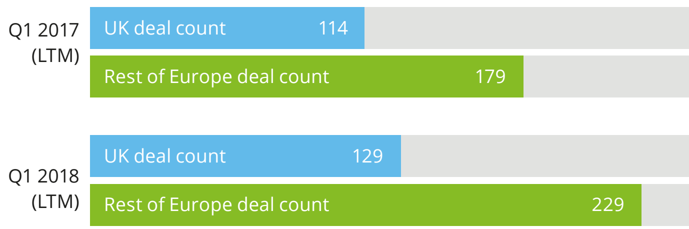
Q1 2018 deals completed

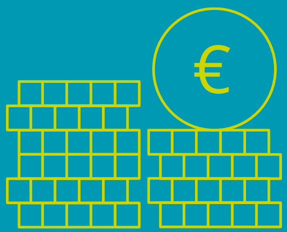


Q4 headline figures (last 12 months)

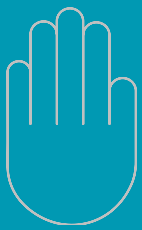


Borrowers: Access Direct Lending to power growth
Businesses rely on access to growth capital, yet due to risk appetite and stringent regulation, banks are more constrained. Bringing in alternative and flexible capital allows companies to grow, yet the market can be overwhelming with numerous complex loan options offered to borrowers. Direct Lenders can offer effective rates with little or no equity dilution of your business, enabling businesses to make acquisitions, refinance bank lenders, consolidate the shareholder base, and grow activities. To read more, turn to our Direct Lending guide on page 39.

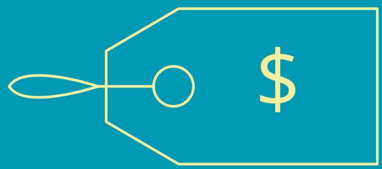
Leveraged loan trends for Direct Lenders



An underlying sense of unease in Europe continues as we enter the summer period and look back on the first two quarters of 2018. Markets are jittery, with knee jerk responses to a seemingly never-ending torrent of geopolitical headlines, including most recently a sudden change of leadership in Spain after a vote of no confidence in its former prime minister Mariano Rajoy. Elsewhere in the region, Italy appeared close to creating a second euro crisis, with a populist mood threatening to sweep it out of the Eurozone. Initially, the spread between Italian government bonds and German Bunds (debt security issued by Germany's federal government widened from 122 to 253 basis points, a level not seen since the 2008 financial crisis. By the end of June however, a coalition government was in place in Italy, pledging to keep the country in the Eurozone, the markets had cheered up and newspapers had moved onto other topics. Whilst Italy's specific scare has abated, the event highlights some of the challenges the European Union faces due to the rise of populism in Europe.



And so to Mario Draghi, President of the European Central Bank, who is under pressure to provide guidance as to whether September will be a hard stop for Quantitative Easing (QE), or whether its bond buying programme will continue further. There is no doubt that on the whole, the Eurozone economy still requires very low interest rates. Core inflation is still below 1%. Economic growth slowed in the first quarter of 2018, with GDP growth coming in at a subdued 0.4% for the first three months of the year and down 0.3% on the previous quarter. With unemployment outside of Germany remaining well above levels seen pre-crisis, there is still a great deal of slack for the Eurozone economy to absorb before the ECB can be confident about reaching its inflation objective. While it is unlikely the ECB will contemplate raising its base rate of interest from below zero until the middle of 2019, it remains less clear whether it should still pursue QE.



Unfortunately no respite was offered across the pond. Keen to deliver on election promises, President Trump remained true to his word and enacted huge tariffs on steel and aluminium on the EU, Canada and Mexico. The Dow Jones Industrial Average and S&P 500 indices fell 1.7% and 1.3% respectively on the day of the announcement. A question looms as to whether history is repeating itself: in 1929, the US imposed tariffs on some 20,000 items to protect their constituents, the act of which coincided with the Great Depression. In contrast to Europe however, given that the US continues to exhibit strong GDP growth (up 2.3% in the first quarter of 2018), it would suggest a dramatic reversal would be required in short order for this to lead to similar events.

In a sign of growing confidence, the Federal Reserve raised US interest rates to 2.0% in early June, for the seventh time since 2015. That said, there are signs that the bull market will not last forever, with default rates on institutional leveraged loans slowly creeping up from historic lows to 2.8% in March, up from 2.4% in 2017 and 1.8% in 2016, according to Fitch Ratings. More worryingly, default rates are at unprecedented highs in the retail sector, at 9% in March and are projected to reach a record 10% by the end of the year. Delving deeper, Royal Bank of Canada (RBC) recently highlighted that the spread between the yield on 1 and 10 year US treasury notes has recently narrowed from a comfortable 160 basis points in early 2017, to a narrower 70 basis points. A flattening curve typically signals that credit is becoming more difficult and expensive to access and that growth will slow. According to RBC, every recession in the last 60 years has been preceded by an inversion of the yield curve.

In terms of the UK, put bluntly, a miserable set of economic data was released in early June, in stark contrast to the US. Quarter on quarter GDP growth was 0.2% for Q1, marking the slowest pace in more than five years and dampening any expectation that the Bank of England would increase interest rates in the short term. This opens up an unusual divergence between UK and US monetary policy, which have tended to move in lockstep. With the UK rate unchanged for the last nine years since the financial crisis, the gap of 150 basis points between the two rates is wider today than at any time in the last 35 years. Of concern is a 3.3% fall in manufacturing output in the year to April, marking the fourth consecutive monthly decline in a row. This is not an isolated decline, with nine of 13 sub-sectors reporting falling output. Coincidentally, construction output was also down 3.3% in the year to April 2018, and since January, the number of mortgage approvals has fallen by 5.9%.

Moving to the high street, any hopes that the torrid conditions experienced in Q1 would abate were dashed. Despite a heatwave in the month of May, the trading environment faced by retailers is unfortunately no different from that we reported on previously, with further casualties including Poundworld and House of Fraser. This, according to The Times, brings the number of companies who have either fallen into administration or launched a company voluntary arrangement to a total of 17 since the start of the year.

Whilst the tone of our economic commentary is to an extent unchanged, the question now posed is whether cautiousness is beginning to filter through into the loan markets. Whilst one quarters' evidence is not categorical and could easily reverse, a number of data points have begun to emerge. We will start with loan documentation, which has been a bone of contention among primary market participants for some time. In June, investors began to pushback. Whilst in a fiercely competitive market this would be akin to self-harm, there were three specific examples, all of which according to LCD concluded in the requirement to tighten documentation, and in some instances improve economics. Whilst on spreads, the average new issue pricing for single B credits has risen from 5.3% to 6.0% this year, for double-Bs, the average has risen from 2.9% to 3.9%.

On aggregate, the share of loans priced at par or higher on the European Leverage Loan Index fell to 34% by the end of May, the lowest reading in nearly two years, from 48% in April, and 85% a year ago. All in all, potentially a blip, but it is fair to say that markets in June signalled that lenders are beginning to fight back.

It is not yet apparent that there has been any trickle down to the direct lending markets. Whilst the volume of deals tracked by Deloitte for the quarter has declined by 7% to 76, the first quarter of the year is not always necessarily the most representative indicator of activity to come. Similarly, according to Prequin, there has been a reduction in fundraising for European private debt strategies during the first quarter of 2018, with four funds having reached a final close securing an aggregate €1.9bn. By comparison, 16 Europe-focused funds secured €8.1 billion in the same period a year ago. Whilst fundraising is lumpy and the trends can look volatile, record levels of fundraising in 2017 have also led to unprecedented amounts of dry powder for Europe-focused funds, with managers having access to €57 billion in commitments targeting the region as at March 2018, up nearly €3bn from the end of 2017.

There is also a trend of raising ever-larger funds. Whilst the concept of the 'megafund' is relatively common in the Private Equity asset class, the bar continues to be raised in Direct Lending as a number of 'vintage III' European funds are now in the market with targets of raising between €4 and €6 billion, similar to ICG's Senior Debt Partners III €5.2 billion fund. Putting this record level of capital to work could be challenging and will require managers to be resourceful in their origination efforts moving forward.

So, where might managers look to deploy their capital? In previous editions, we touched upon the convergence of the lower end (€200 to €500 million) of the syndicated or high yield bond market and the direct lending markets and it can only be expected that this trend will accelerate with new upcoming megafunds. Underwriting a deal of €300 to €500 million has become somewhat routine in the market and in the context of growing assets under management (AUM), it is likely that these funds also increase this threshold. Other than targeting ever-larger direct lending deals, increasing exposure to sponsor-less situations, one option is that of geographic expansion. Whilst direct lending funds predominantly target Western Europe to deploy their capital, less mature markets within Central Eastern Europe remain under exploited.

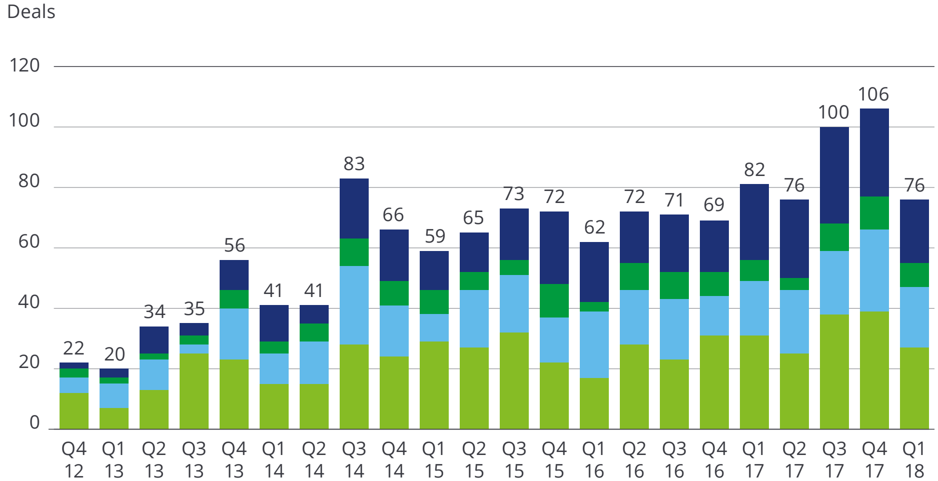
For a number of direct lending funds, these jurisdictions are currently 'off-limit', however we expect this to change within the next three years as managers begin to recognise the relative opportunity on offer and thereby increase allocation to these jurisdictions, albeit initially with higher risk/return thresholds. Certain fund managers comment that these markets are perhaps a little misunderstood - whilst on the face of it, they may appear to have complex legal, regulatory and tax regimes to navigate, most have materially transformed their economies away from that of state control and on the whole, fundamentals appear strong. From a GDP perspective for example, seven of the top 10 fastest growing economies in Europe are within the CEE region. Similarly, debt to GDP is also significantly below levels observed in major Western European economies and the majority of these jurisdictions do not have the legacy banking issues experienced by Spain, Italy, Greece and Portugal. Given strong trading conditions, there is an abundance of corporates desire for growth and therefore investment, and these jurisdictions offer solid opportunities for more risk tolerant direct lenders to deliver solutions in the absence of sizable local bank funding.

Alternative Lender Deal Tracker Q1 2018 Data

The Alternative Lender Deal Tracker now covers 64 lenders and a reported 1381 deals

Alternative Lender Deal Tracker

Currently covers 64 leading Alternative Lenders. Only primary mid-market UK and European deals are included in the survey.



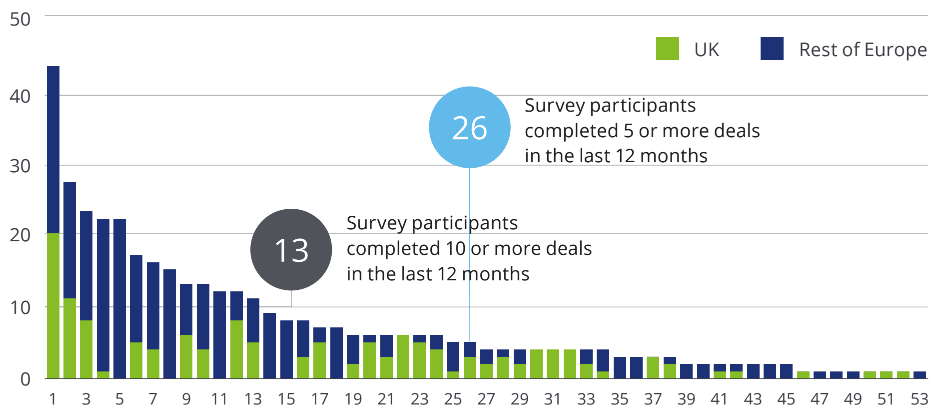
Data in the Alternative Lender Deal Tracker is retrospectively updated for any new participants

532
UK deals completed

849
Euro deals completed

1381
Total deals completed

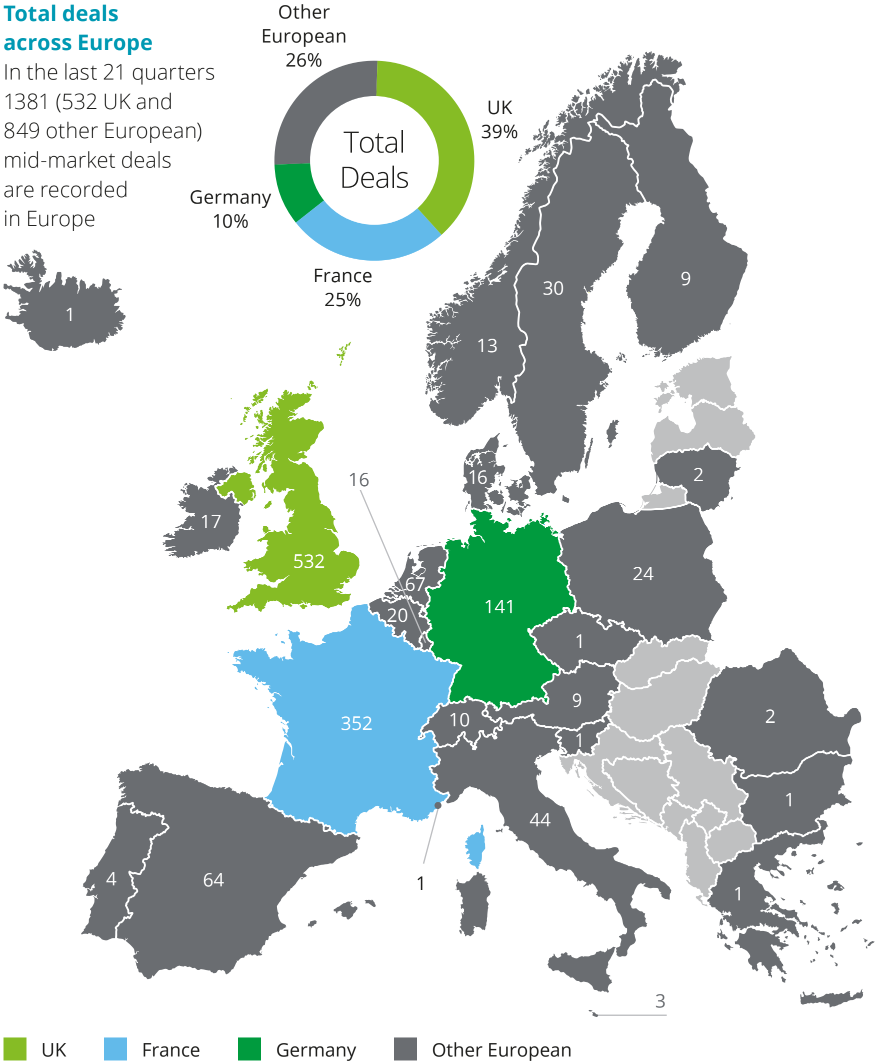
Deals done by each survey participant (Last 12 months)



Direct Lenders increasingly diversifying geographies

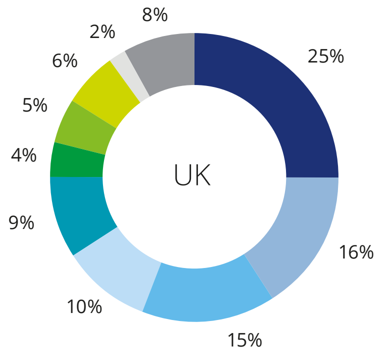
Total deals across Europe

In the last 21 quarters 1381 (532 UK and 849 other European) mid-market deals are recorded in Europe

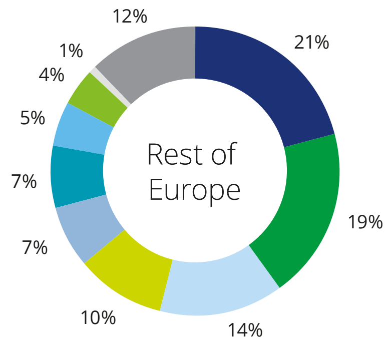


Total deals across industries (Last 12 months)

Within the UK the Business, Infrastructure & Professional Services industry has been the dominant user of Alternative Lending with 25% followed by TMT with 16%.



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

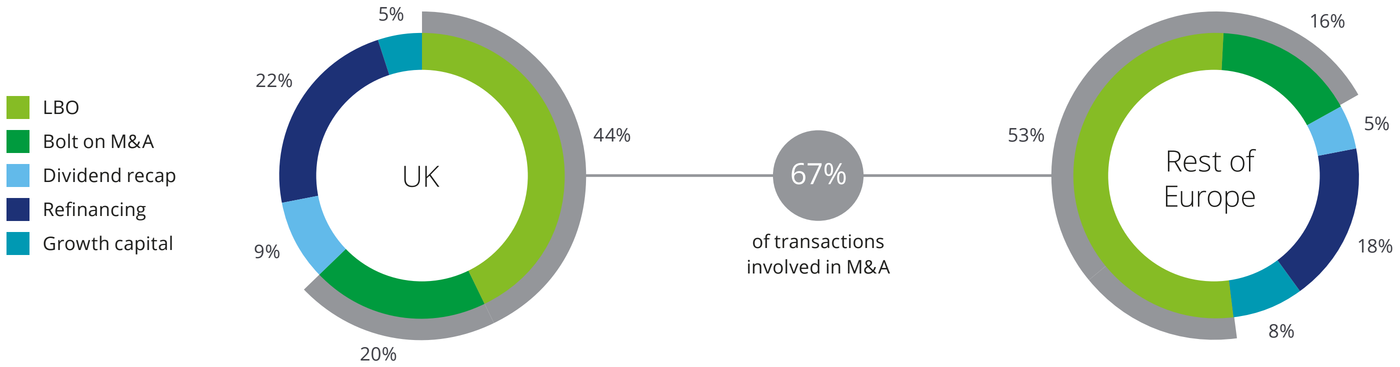


In the rest of Europe there are 5 main industries: Business, Infrastructure & Professional Services, Manufacturing, Healthcare & Life Sciences, Consumer Goods and TMT.

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

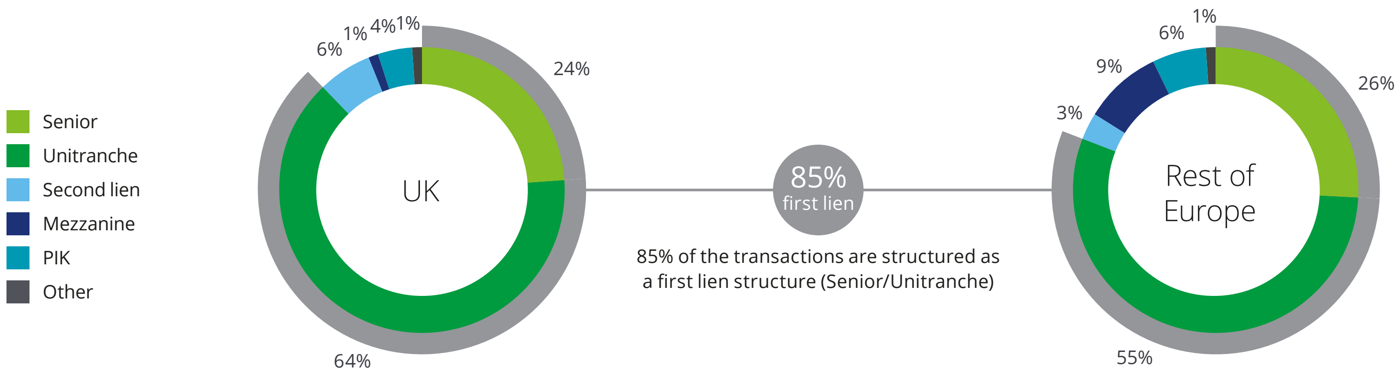
Deal purpose (Last 12 months)

The majority of the deals are M&A related, with 67% of the UK and Euro deals being used to fund a buy out. Of the 358 deals in the last 12 months, 60 deals did not involve a private equity sponsor.



Structures (Last 12 months)

Unitranche is the dominant structure, with 64% of UK transactions and 55% of European transactions. Subordinate structures represent only 15% of the transactions.



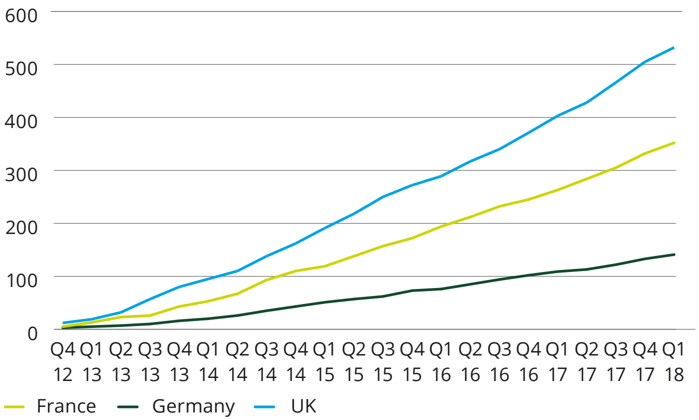
*For the purpose of the deal tracker, we classify senior only deals with pricing L + 650bps or above as unitranche. Pricing below this hurdle is classified as senior debt.

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

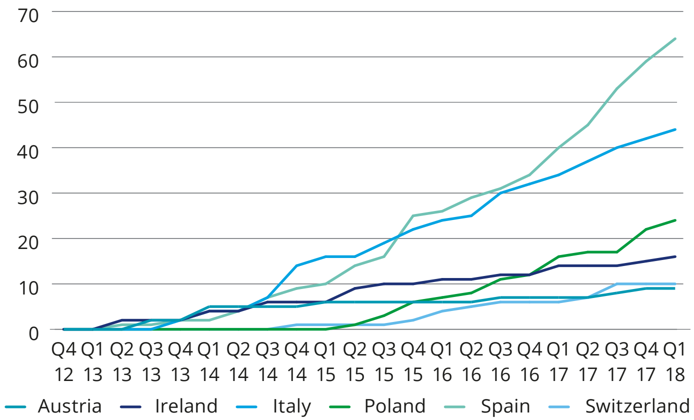
Cumulative number of deals per country

The number of deals is increasing at different rates in various European countries. The graphs below show countries which as of Q4 2017 have completed 5 or more deals.

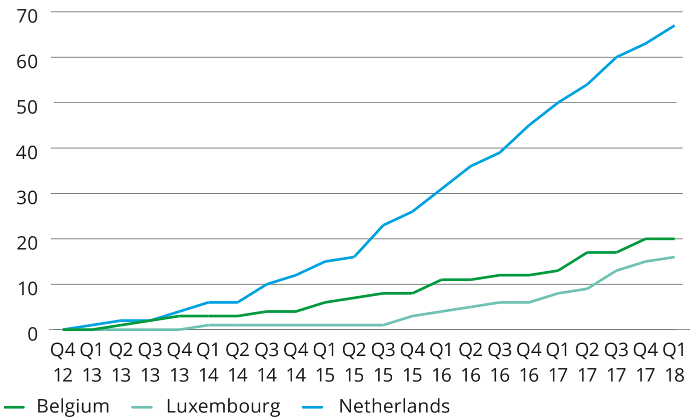
Largest geographic markets for Alternative Lenders



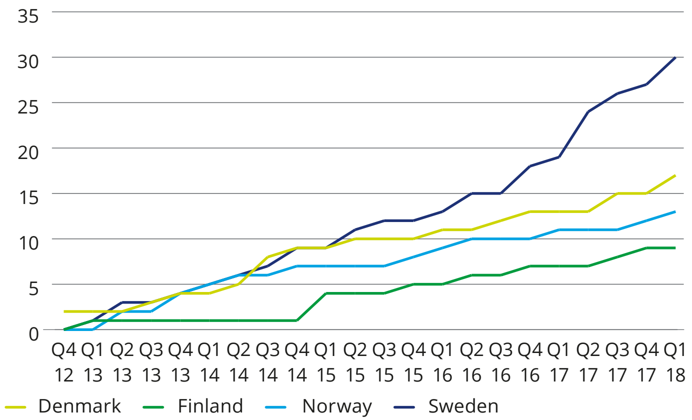
Other European



Benelux



Nordics

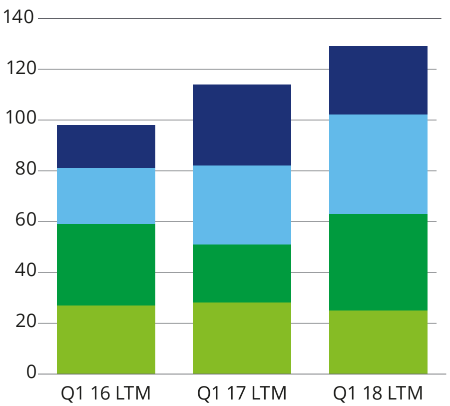


Direct Lending is growing in each of the main European markets

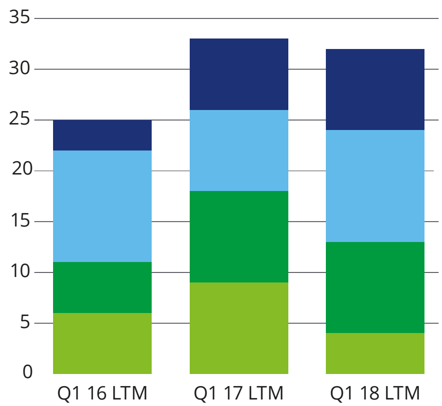
Comparison of deals for the last three years on a LTM basis for selected European countries

On average, over time the number of deals is increasing with positive CAGR between 2015 and 2017 in all of the countries shown below.

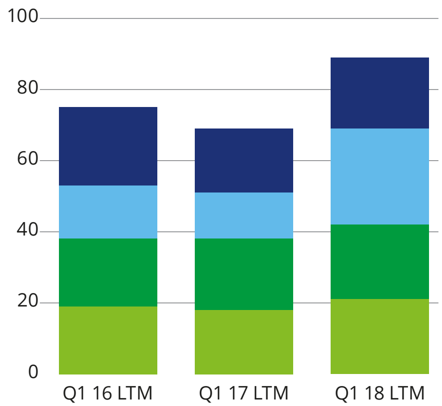
UK



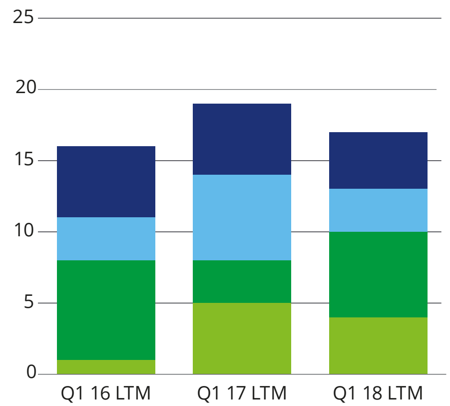
Germany



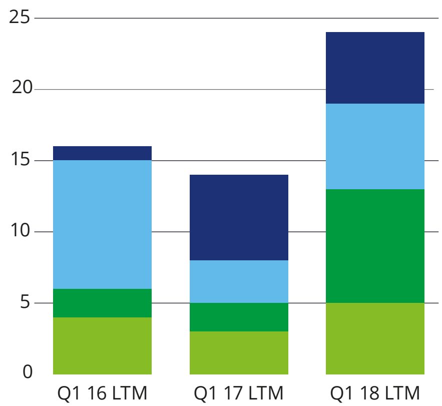
France



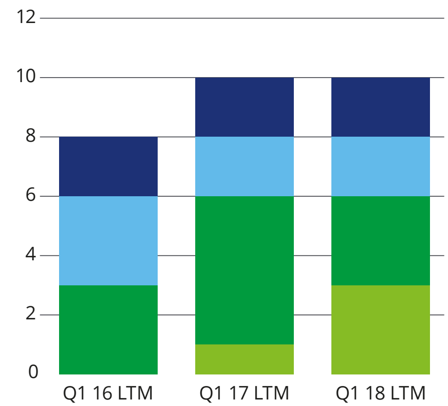
Netherlands



Spain



Italy

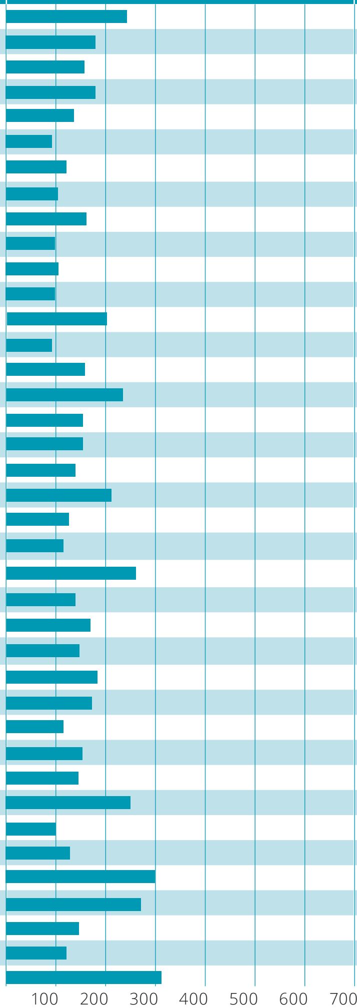


Q2 Q3 Q4 Q1

Which landmark unitranche deals have been completed?

Selected Landmark Unitranche Deals (>€90m)

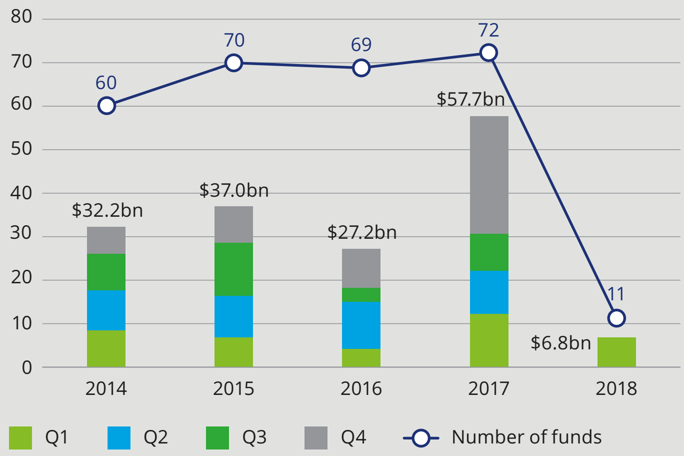
Borrower	Country	Unitranche in €m	Lenders	Sponsor	Date
Idverde	France		KKR, Tikehau Capital	✓	Mar-18
Twinset	Italy		Permira, Bluebay	✓	Mar-18
JJA	France		Tikehau Capital	✓	Mar-18
First Names	UK		Alcentra, RBS	✓	Feb-18
Artemis	Germany		Alcentra	✓	Feb-18
Competence Call Center	Germany		Blackrock, Tikehau Capital	✓	Jan-18
Conforama	France		Tikehau Capital	–	Jan-18
Napolean Games	Benelux		Permira	✓	Dec-17
EMVIA Living	Germany		Ardian	✓	Dec-17
Crouzet	France		LBO France	✓	Dec-17
Away Resorts	UK		Permira	✓	Dec-17
Forest Holidays	UK		Ares	✓	Dec-17
Medivet	UK		Ares	✓	Nov-17
Prinsen-Berning	Netherlands		Permira, CVC	✓	Oct-17
Daltys	France		Permira Debt Managers	✓	Oct-17
Aurum	UK		Permira Debt Managers, Bain, other lenders	✓	Sep-17
Schweighofer	Austria		Alcentra	✓	Sep-17
Oasis	UK		Ares	✓	Aug-17
Docu Group	Sweden		Ares	✓	Aug-17
Non-Standard Finance	UK		Alcentra	✓	Aug-17
Siblu Holdings	France		Alcentra, Barings, HSBC	✓	Aug-17
RSK	UK		Permira Debt Managers	–	Aug-17
Non-Standard Finance	UK		Alcentra	–	Aug-17
BVA SAS	France		Alcentra	✓	Jul-17
Cipres Vie	France		Alcentra	✓	Jul-17
Bergman Clinics	Netherlands		ICG	–	Jul-17
Chassis Brakes International	Netherlands		KKR	✓	Jul-17
Getronics	Netherlands		Permira, White Oak, HIG Whitehorse	✓	Jul-17
CFC	France		Alcentra, GSO	✓	Jun-17
Linnaeus	UK		Alcentra	✓	Jun-17
Schuelerhilfe	Germany		Alcentra	✓	May-17
JVH Gaming	Netherlands		Ares	✓	May-17
Duomed	Netherlands		Permira	✓	May-17
Fintyre	Italy		GSO Capital Partners	✓	Apr-17
Consolis	France		GSO Capital Partners	✓	Apr-17
Soho House	UK		Permira	✓	Apr-17
Cherry	Sweden		Ares	✓	Apr-17
DORC	Netherlands		Ares	✓	Apr-17
JVH	Netherlands		Ares	✓	Apr-17



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

Direct Lending fundraising

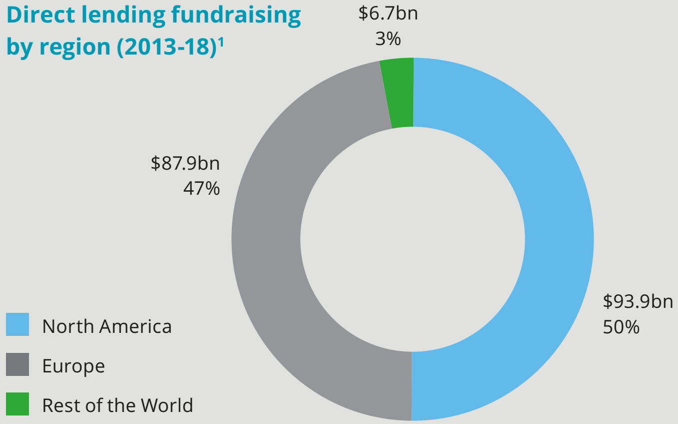
Global direct lending fundraising by quarter[1]



Select largest funds with final closing in 2018[1]

- Summit Partners Credit Fund III **$1,500m** *(North America)*
- Capzanine IV **€950m** *(Europe)*
- PAG Asia Loan Fund III **$950m** *(Asia)*
- Atalaya Asset Income Fund IV **$900m** *(North America)*
- Idinvest Private Debt IV **€715m** *(Europe)*

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

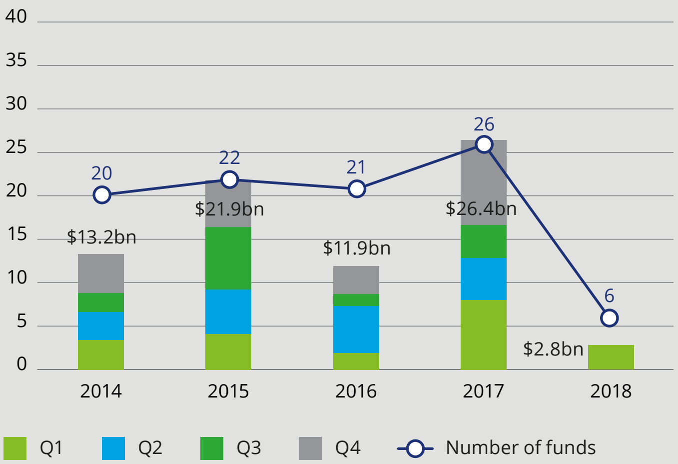


Select largest funds with final closings in 2017[1]

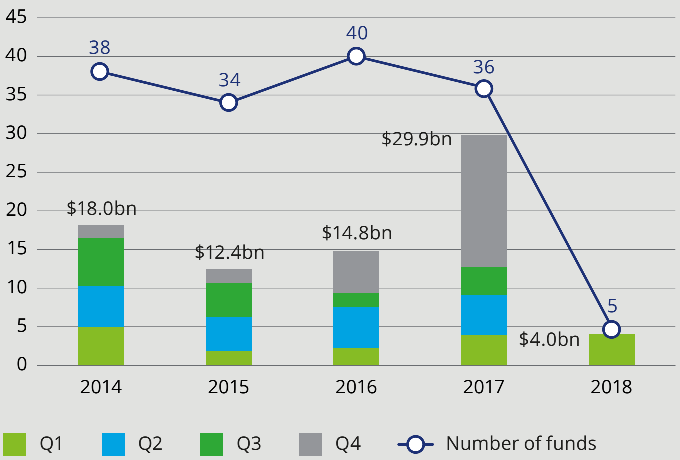
- ICG Senior Debt Partners III **€5,200m** *(Europe)*
- HPS Specialty Loan Fund 2016 **$4,500m** *(North America)*
- Alcentra Clareant European Direct Lending Funds II **€4,300m** *(Europe)*
- Hayfin Direct Lending Strategy II **€3,500m** *(Europe)*
- Ares Private Credit Solutions **$3,400m** *(North America)*

[1] Preqin, Credit Suisse market intelligence, 2018.
[2] Including leverage.

Europe direct lending fundraising by quarter[1]



North America direct lending fundraising by quarter[1]



[1] Preqin, 2018.
[2] Credit Suisse Private Fund Group market knowledge.

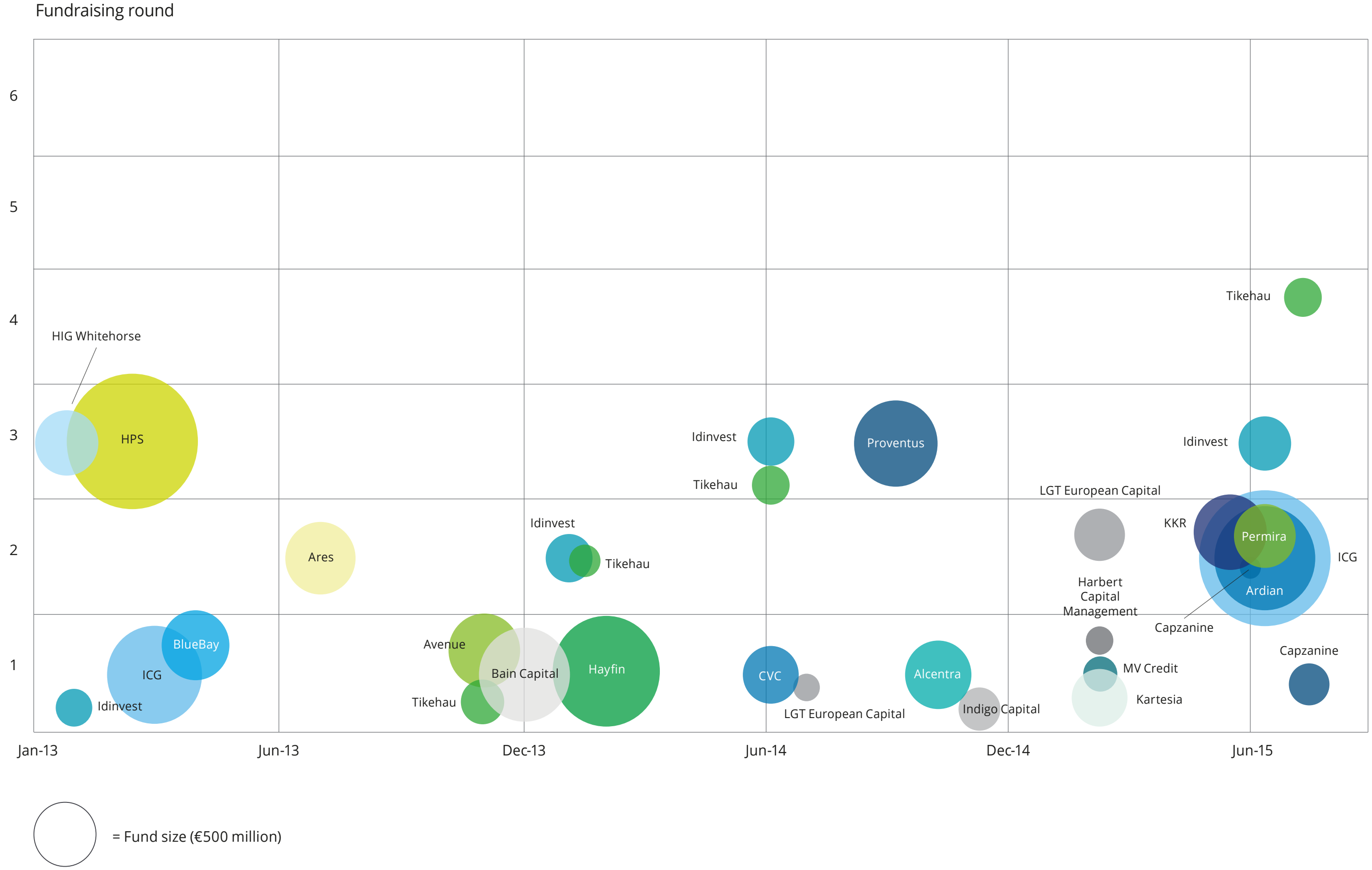
Key takeaways

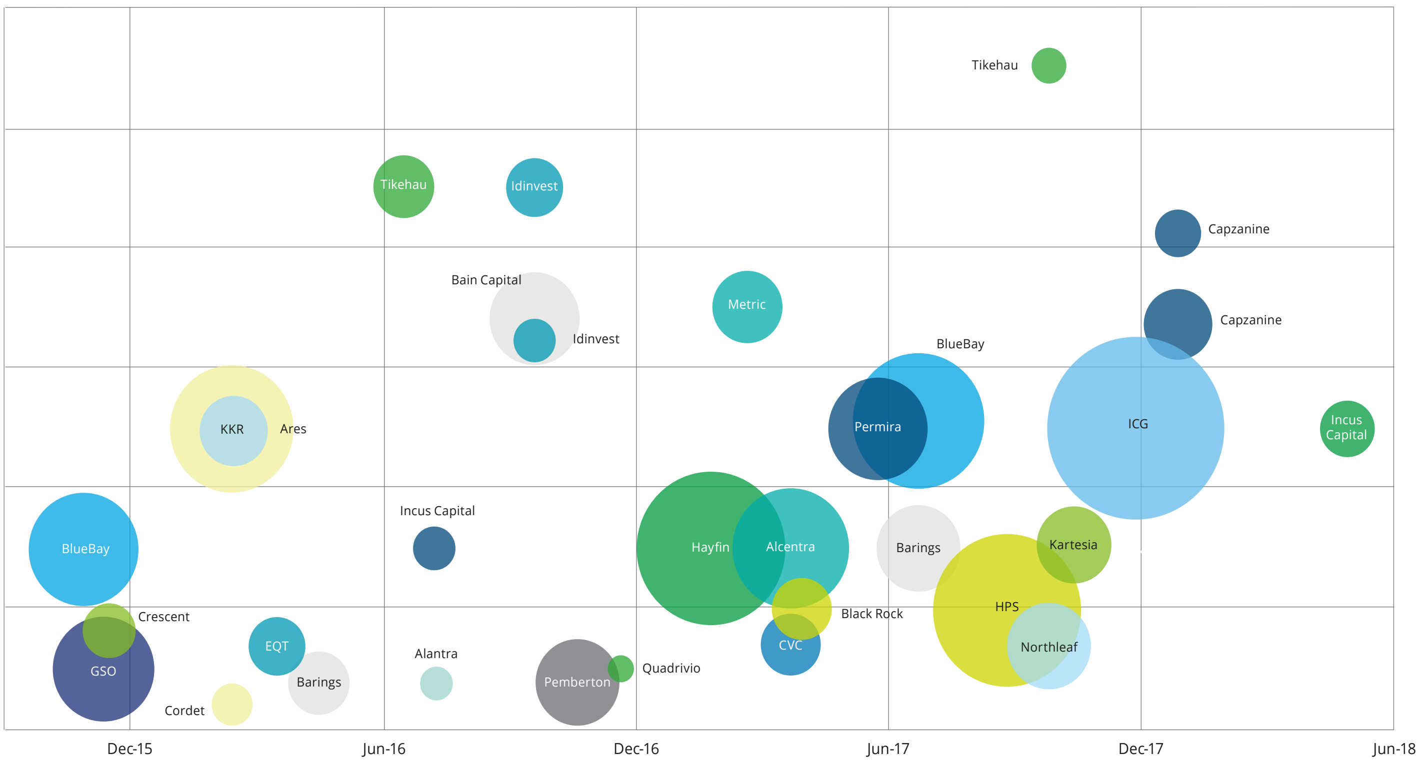
- 2017 was a record year for direct lending fundraising in both Europe and North America[1]
  - In both Europe and North America, Q4 2017 was the strongest fundraising quarter on record
  - In Europe, Q1 2018 has started out more slowly, behind the pace set in 2017 but well ahead of the lows seen in 2016. However, we expect several major managers to hold closings for funds of a very significant size later this year
  - In North America, 2018 saw the strongest Q1 since 2014, but this was significantly down on the quarterly average achieved in 2017
- Strong investor interest in separately managed accounts continues, meaning that not all capital committed to the direct lending space is easily captured[2]
- c. 180 Direct Lending funds seeking aggregate commitments of c. $85 billion remain in the market as of June 2018, which represents a meaningful increase from earlier in the year[1]
  - North American funds represent the majority of those in market(c. 85 funds targeting c. $40 billion) with c. 55 European funds making up c. $35 billion

Direct Lending fundraising

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

Senior Direct Lending fund raising focused on the European market




Tikehau
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Hayfin
Alcentra
Barings
Kartesia
Crescent
Black Rock
HPS
EQT
CVC
Northleaf
GSO
Alantra
Barings
Pemberton
Quadrivio
Cordet
Dec-15
Jun-16
Dec-16
Jun-17
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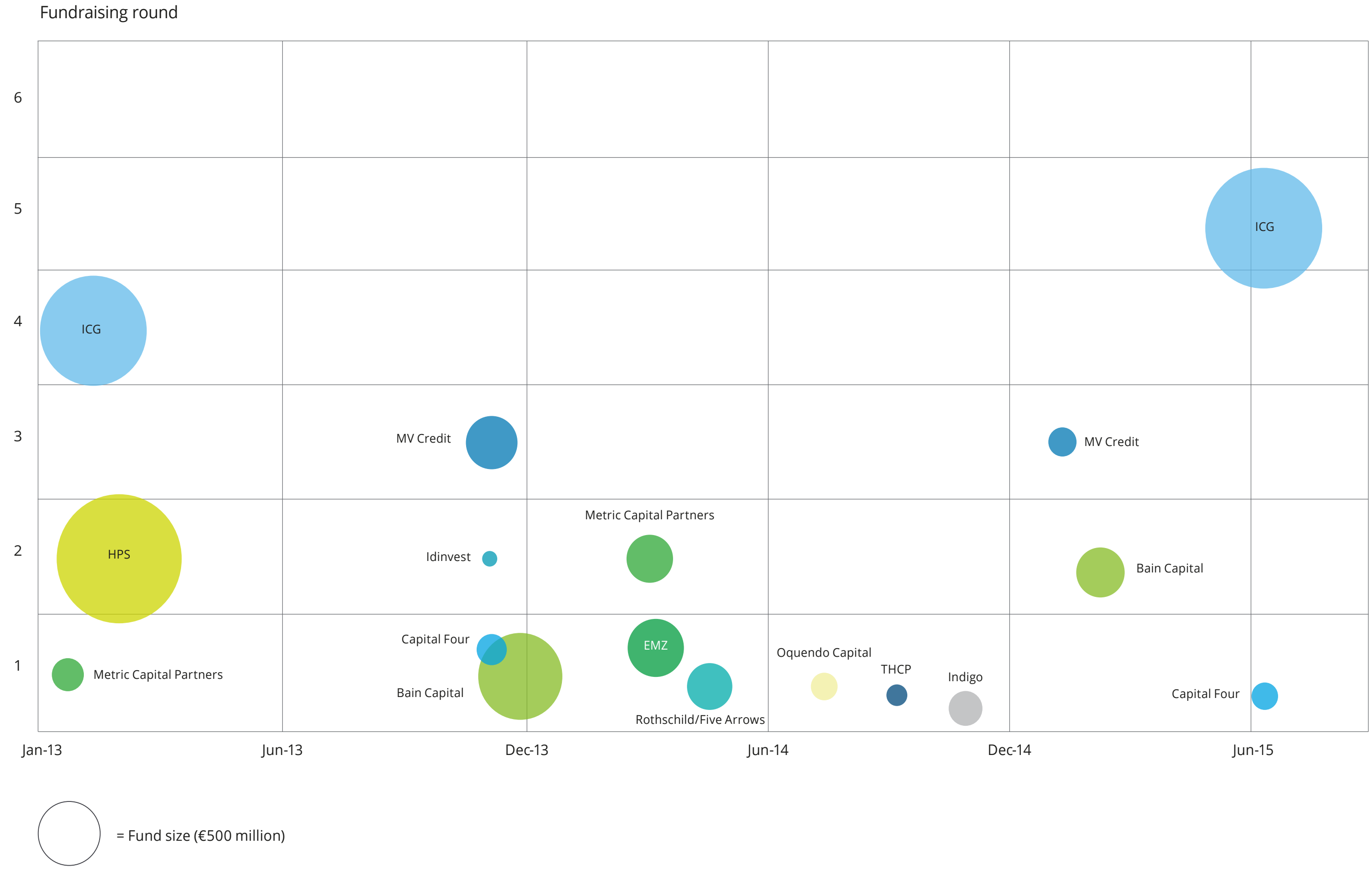
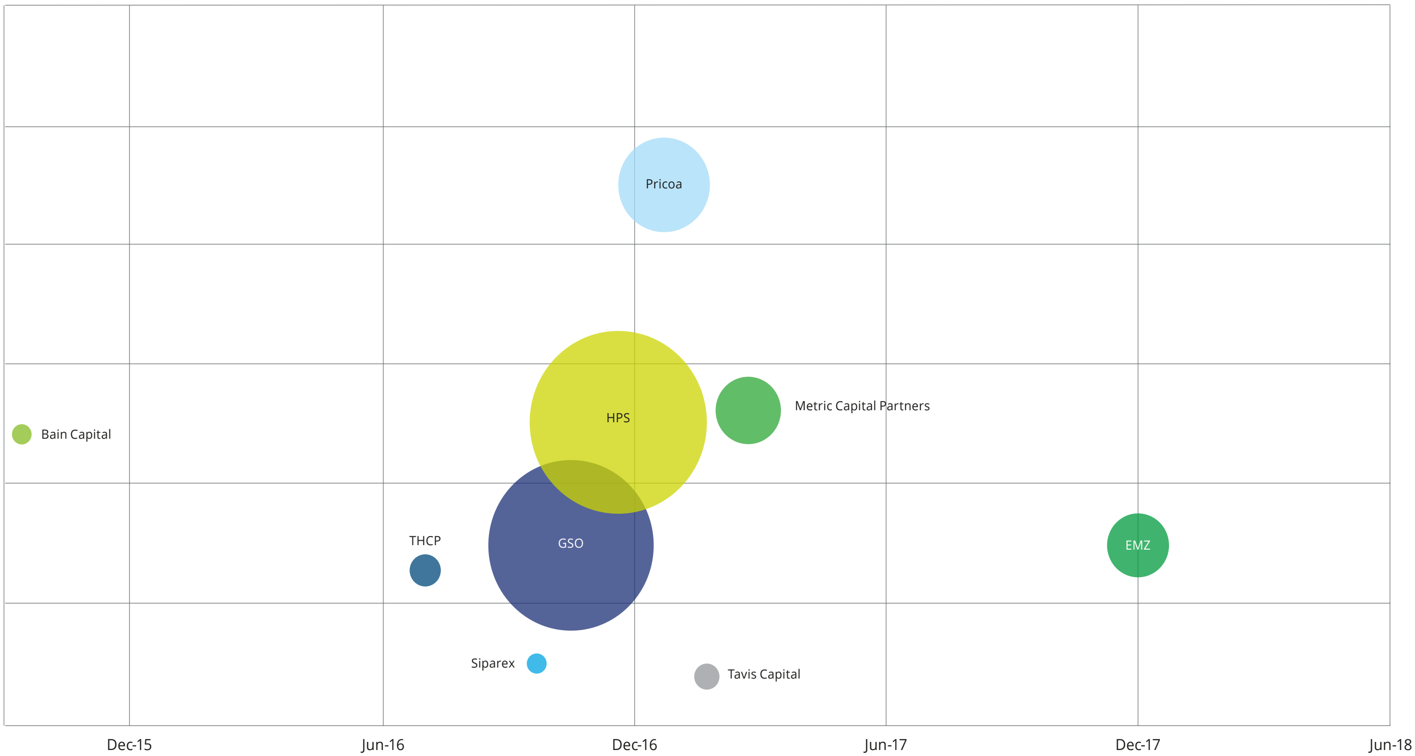
Jun-18

Junior/Growth: How much funding has been raised by which Direct Lending managers?

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




Pricoa
HPS
Metric Capital Partners
Bain Capital
THCP
GSO
EMZ
Siparex
Tavis Capital
Dec-15
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Jun-18

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

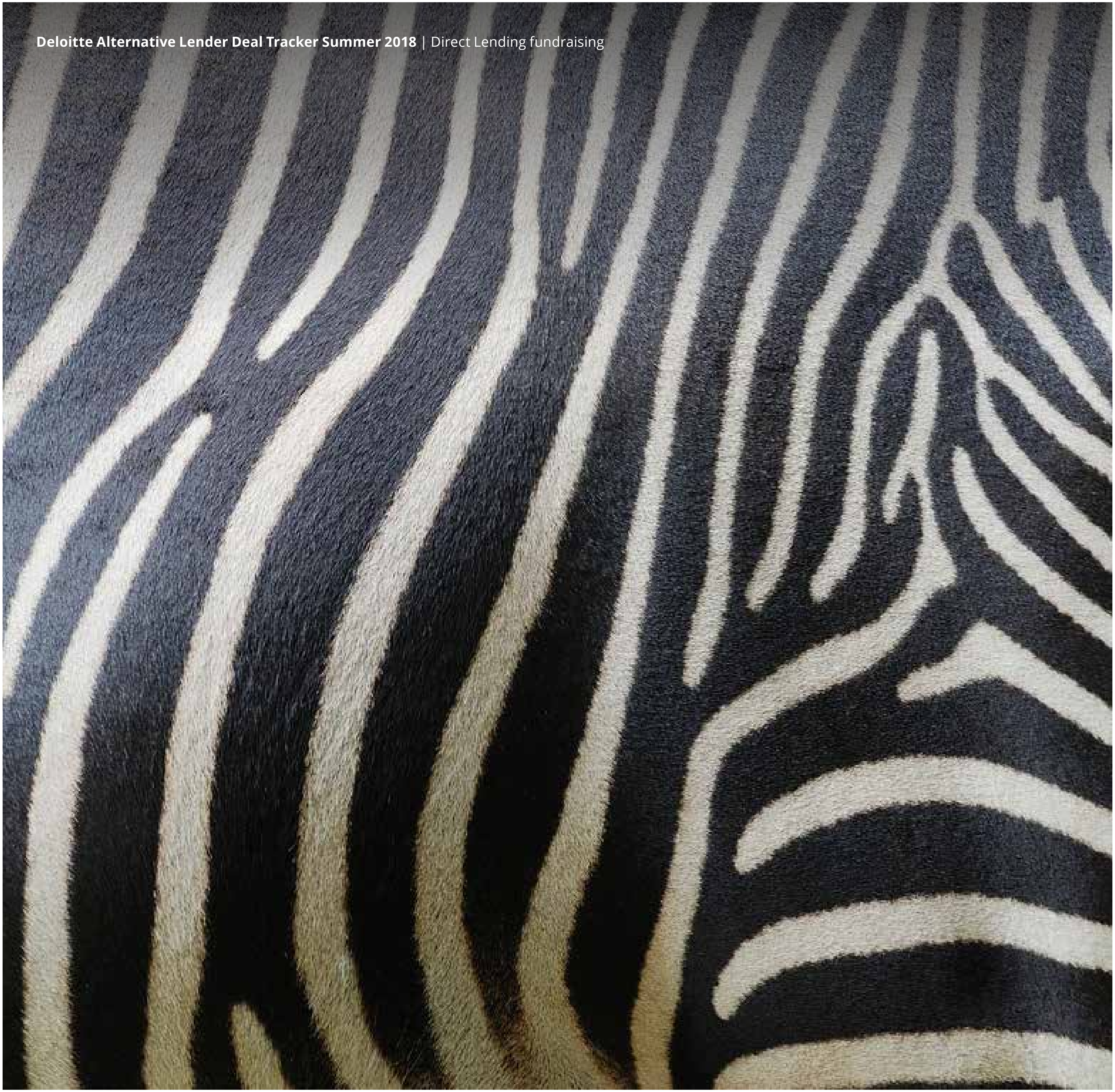
An overview of some of the largest funds raised in the market

Alternative Lenders	Date	Size (m) w/o leverage	Investment Strategy	Geography
Alantra				
Alteralia SCA SICAR	Q4 16	€139	Senior	Europe
Alcentra				
Direct Lending Fund	Q1 17	€2,100	Senior and Junior	Europe
European Direct Lending Fund	Q4 14	€850	Senior and Junior	Europe
Direct Lending Fund	Q4 12	€278	Senior and Junior	Europe
Ardian				
Ardian Private Debt Fund III	Q3 15	€2,026	Senior and Junior	Europe
Axa Private Debt Fund II	Q2 10	€1,529	Senior and Junior	Europe
Ares				
ACE III	Q2 16	€2,536	Senior and Junior	Europe
ACE II	Q3 13	€911	Senior and Junior	Europe
ACE I	Q4 07	€311	Senior	Europe
Bain Capital				
Bain Capital Specialty Finance	Q4 16	$1,255	Senior	Global
Bain Capital Direct Lending 2015 (Unlevered)	Q4 15	€56	Junior	Global
Bain Capital Direct Lending 2015 (Levered)	Q1 15	€433	Junior	Global
Bain Capital Middle Market Credit 2014	Q4 13	€1,554	Junior	Global
Bain Capital Middle Market Credit 2010	Q2 10	€1,017	Junior	Global
Barings				
Global Private Loan Fund II	Q3 17	$1,300	Senior and Junior	Global
Global Private Loan Fund I	Q2 16	$777	Senior and Junior	Global
Blackrock				
BlackRock European Middle Market Private Debt Fund I	Q2 17	€602	Senior	Europe
BlueBay				
BlueBay Senior Loan Fund I	Q3 17	€2,900	Senior	Europe
BlueBay Direct Lending Fund II	Q4 15	€2,100	Senior and Junior	Europe
BlueBay Direct Lending Fund I	Q2 13	€810	Senior and Junior	Europe

Alternative Lenders	Date	Size (m) w/o leverage	Investment Strategy	Geography
Capital Four				
Capital Four Strategic Lending Fund	Q3 15	€135	Junior	Europe
Capital Four Nordic Leverage Finance Fund	Q4 13	€200	Junior	Europe
Capzanine				
Artemid Senior Loan 2	Q1 18	€400	Senior	Europe
Artemid CA	Q3 15	€70	Senior	Europe
Artemid Senior Loan	Q3 15	€345	Senior	Europe
Capzanine 4 Private Debt	Q1 18	$800	Senior and Junior	Europe
Capzanine 3	Q3 12	€700	Senior and Junior	Europe
Capzanine 2	Q3 07	€325	Senior and Junior	Europe
Capzanine 1	Q1 05	€203	Senior and Junior	Europe
EMZ				
EMZ 8	Q2 17	€815	Junior	Europe
EMZ 7	Q1 14	€695	Junior	Europe
EMZ 6	Q1 09	€640	Junior	Europe
GSO				
Capital Opportunities Fund II	Q4 16	$6,500	Junior	Global
European Senior Debt Fund	Q4 15	$1,964	Senior	Europe
Capital Opportunities Fund I	Q1 12	$4,000	Junior	Global
Harbert Capital Management				
Harbert European Growth Capital Fund I	Q1 15	€122	Senior and Junior	Europe
Hayfin				
Direct Lending Fund II	Q1 17	€3,500	Senior	Europe
Direct Lending Fund I	Q1 14	€2,000	Senior	Europe
HIG				
H.I.G. Whitehorse Loan Fund III	Q1 13	€750	Senior and Junior	Europe
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
Idinvest				
Idinvest Dette Senior 4	Q4 17	€520	Senior	Europe
Idinvest Private Debt IV	Q2 17	€600	Senior and Junior	Europe
Idinvest Dette Senior 3	Q3 15	€530	Senior	Europe
Idinvest Dette Senior 2	Q3 14	€400	Senior	Europe

Alternative Lenders	Date	Size (m) w/o leverage	Investment Strategy	Geography
Idinvest Private Debt III	Q1 14	€400	Senior and Junior	Europe
Idinvest Private Value Europe II	Q4 13	€50	Junior	Europe
Idinvest Dette Senior	Q1 13	€280	Senior	Europe
Idinvest Private Value Europe	Q2 12	€65	Junior	Europe
Idinvest Private Debt	Q3 07	€290	Senior and Junior	Europe
Incus Capital				
Incus Capital European Credit Fund III	Q2 18	€500	Senior and Junior	Europe
Incus Capital Iberia Credit Fund II	Q3 16	€270	Senior and Junior	Europe
Incus Capital Iberia Credit Fund I	Q4 12	€128	Senior and Junior	Europe
Indigo Capital				
Fund III	Q3 00	€100	Junior	Europe
Fund IV	Q3 03	€200	Junior	Europe
Fund V	Q3 07	€220	Junior	Europe
Fund VI	Q3 14	€320	Junior	Europe
Kartesia				
Kartesia Credit Opportunities IV	Q4 17	€870	Senior and Junior	Europe
Kartesia Credit Opportunities III	Q1 15	€508	Senior and Junior	Europe
KKR				
Fund Lending Partners Europe	Q1 16	$850	Senior and Junior	Europe
Fund Lending Partners II	Q2 15	$1,336	Senior and Junior	Global
Fund Lending Partners I	Q4 12	$460	Senior and Junior	Global
LGT European Capital				
Private Debt Fund	Q1 15	€474	Senior and Junior	Europe
UK SME Debt	Q3 14	€100	Senior and Junior	Europe
Metric				
MCP III	Q1 17	€860	Special Situations	Europe
MCP II	Q2 14	€475	Special Situations	Europe
MCP I	Q1 13	€225	Special Situations	Europe
Mezzanine Partners				
Mezzanine Partners II	Q1 17	€65	Junior	Europe
Mezzanine Partners I	Q1 14	€65	Junior	Europe
Northleaf				
Northleaf Private Credit	Q4 17	$1,400	Senior and Junior	Global
Oquendo Capital				
Oquendo III SCA SICAR	Q4 17	€200	Junior	Europe

Alternative Lenders	Date	Size (m) w/o leverage	Investment Strategy	Geography
Oquendo II SCA SICAR	Q3 14	€157	Junior	Europe
Permira				
Permira Credit Solutions III	Q2 17	€1,700	Senior and Junior	Europe
Permira Credit Solutions II	Q3 15	€800	Senior and Junior	Europe
Pricoa				
Pricoa Capital Partners V	Q1 17	€1,692	Junior	Global
Proventus				
Proventus Capital Partners III	Q4 14	€1,300	Senior and Junior	Europe
Proventus Capital Partners II/IIB	Q2 11	€835	Senior and Junior	Europe
Proventus Capital Partners I	Q3 09	€216	Senior and Junior	Europe
Rothschild/Five Arrows				
Five Arrows Credit Solutions	Q2 14	€415	Junior	Europe
Siparex				
Siparex	Q4 16	€100	Junior	Europe
Tavis Capital				
Swiss SME Credit Fund I	Q1 17	CHF137	Junior	Europe
Tikehau				
Fund 6	Q4 17	€205	Senior and Junior	Europe
Fund 5	Q3 16	€610	Senior and Junior	Europe
Fund 4	Q3 15	€290	Senior and Junior	Europe
Fund 3	Q2 15	€19	Senior and Junior	Europe
Fund 2	Q4 13	€134	Senior and Junior	Europe
Fund 1	Q4 13	€355	Senior	Europe



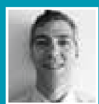
Recent Notable Direct Lending Moves

Ares Management	Lili Jones, Associate, joins from Deloitte	Partners Group	Katherine Bradbrook, Associate, joins from Macquarie Principal Investing
Bridgepoint Capital	Ariadna Maso, Senior Associate, joins from Barings	Pemberton Asset Management	Cassandra Rivilla-Lutterkort, Director, joins from RBS
Bridgepoint Capital	Thomas Athanasiou, Investment Director, joins from Bank of Ireland	Permira Debt Managers	Karl Bagherzadeh, Investment Professional, left for KKR
CVC Credit Partners	David Deregowski, Investment Director, joins from Beechbrook Capital	Proventus Capital Partners	Anton Lindh, Investment Analyst (Stockholm), left for Yggdrasil Gaming
ESO Capital	Greg Beamish, Managing Director, left for ESF Capital	Proventus Capital Partners	August Moberg, Investment Analyst (Stockholm), joins from Danske Markets
Goldman ESSG	Ilkka Hameri, Associate, left for Apollo Global Management	Proventus Capital Partners	Daniel Raber, Investment Analyst (Stockholm), joins from BAML
Hayfin Capital Management	Milos Stojkovich Coko, Principal, joins from Jefferies	PSP Investments	Rayan Borghol, Senior Analyst, joins from Jefferies
HPS Investment Partners	Christoph Anthony, Associate, left for SilverLake PE	Tikehau Capital	David Schad, Analyst, joins from M Cap Finance
Intermediate Capital Group	Andreas Papadolambakis, Associate, joins from HSBC	Tikehau Capital	Ignacio Lopez del Hierro, Director (Madrid), joins from Bankinter
Macquarie Pricipal Investing	Plamen Papazov, Senior Analyst, joins from Santander	Tikehau Capital	Laurene Vieillevigne, Analyst (Paris), joins from Bank of Ireland
Muzinich & Co.	Sebastian Venc, Associate Director (Frankfurt), joins from Bank of Ireland	TPG Specialty Lending	Taddeo Vender, Director, joins from Marlborough Partners
Park Square Capital	Rafael Figuera Feliz, Investment Analyst, joins from University	TPG Specialty Lending	Ben Andrew, Vice President, left for start-up
Park Square Capital	Charles Moury, Investment Analyst, joins from University	LGT European Capital	Karima El Mounjid, Analyst, joins from Goldman Sachs

Paragon Search Partners

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

Office telephone number +44 (0) 20 7717 5000



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Managing Director
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Andrew Perry,
Managing Director
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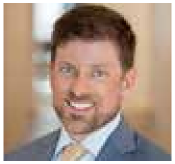
Alternative Lending in action: Case study

Allocate Software calls on direct lenders to support its organic and inorganic growth plans

Vista Equity Partners' investment – with finance from BlueBay and Hayfin – expands private equity firms' presence in European buyout market.



Alan Cline
Principal & Co-Head of the Vista Foundation Fund

Allocate Software has secured the strong backing of US-based Vista Equity Partners and two UK-based direct lenders as it pursues growth in Europe, Australia, the US and beyond.

The company, which employs over 500 people, sells cloud-based software that helps hospitals roster and manage more than one million nurses, doctors and other clinical staff. In addition to equity funding from Vista, Allocate is drawing on a unitranche loan from two alternative lenders in order to fund its plans for international expansion and new product development. It also has working capital and capex support in the form of a bank led super senior revolving credit facility. The financing deal was signed in May 2018, as part of the acquisition and recapitalisation of Allocate by private equity firm Vista Equity Partners.

Allocate has a large UK presence, where a majority of healthcare trusts use its workforce planning products, and is also highly active in Sweden, Denmark, France, Spain, Germany, Australia and other geographies. The company is pursuing an accelerated growth strategy with continued investment in its market leading products and customer service, as well as further geographic expansion.

Direct lenders, Hayfin Capital Management and BlueBay Asset Management, provided the unitranche facility to support Allocate's growth plans. ***"Our key considerations in selecting Hayfin and BlueBay were having partners who understood both the business and software business model and would support the necessary operational flexibility to invest in the company at attractive terms given the prudent amount of debt, as well as having financing partners that could support our anticipated acquisition strategy,"*** says Alan Cline, a Principal at Vista Equity Partners.

Allocate was able to secure an affordable and flexible financing agreement that provides follow on funding for targeted acquisitions, in light of its healthy recurring revenues, exceptional cashflow conversion, a large addressable niche market and support from a well-known software-focused sponsor. ***"We wanted lenders that would be interested in expanding the facility over time alongside our equity investment, as the business grows organically and inorganically, and would not run out of hold capacity as we looked at our medium-term growth objectives,"*** Mr Cline says. The lenders' flexibility also meant Allocate could avoid initially taking on more expensive leverage than needed, whilst building in mechanisms for additional capital as needed for the company's expansion.

"The Deloitte Debt Advisory team was instrumental in getting the lenders up to speed and answering their key questions, allowing Vista to focus on completing our investment and the Allocate management team to concentrate on running the business and serving their customers."

HSBC supports Allocate's core loan with a senior tranche on top. Its portion acts as a Super Senior Revolving Credit Facility that provides drawable capital for general corporate purposes and day-to-day operations. ***"We can use that facility for operational needs, although the business has significant amounts of liquidity outside of the Credit Facility already,"*** Mr Cline explains.

Deals combining direct lending funds with a Super Senior tranche provided by a large bank are increasingly common in Europe. Allocate selected this structure due to the combination of speed and flexibility of execution on offer, a preferential blended cost of capital and operational flexibility and liquidity to provide a strong balance sheet for growth.

Allocate Software
Allocate Software is an international provider of workforce management systems for the healthcare, defence and maritime sectors. In the health sector, Allocate Software enables the delivery of safe and effective care at optimal cost by helping organisations have the right people in place. The company serves many of the largest public and private healthcare, defence and maritime institutions around the world. Headquartered in the UK, it provides services and support to its international customer base through regional offices in the UK, Sweden, France, Spain, Germany and Australia.

Deloitte organised all aspects of the finance raising, following its involvement in a number of previous transactions, starting in 2014 when Allocate was first taken private. ***"The Deloitte Debt Advisory team was instrumental in getting the lenders up to speed and answering their key questions, allowing Vista to focus on completing our investment and the Allocate management team to concentrate on running the business and serving their customers,"*** explains Mr Cline. Deloitte was also very helpful in advising on local market trends given that Allocate was Vista's first UK-led debt financing exercise (despite Vista having completed over 20 acquisitions in Europe to date).

For private equity firms, a key lesson when applying for direct lending capital is to be as clear as possible about core business qualities and future plans, Allocate's owners note. ***"Being transparent about the investment strategy, and how the financial sponsor is looking to partner with management, can go a long way in getting lenders more comfortable with the credit stability of the business,"*** Mr Cline concludes.

As Allocate looks to deliver upon its future growth goals, the flexible capital provided by direct lenders in this round of fundraising will be essential to its success.

When to use Alternative Debt?

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

Alternative Lending in action: Spotlight on the Nordic market

Maturing Nordic market offers growth opportunity to direct lending funds

The increase in demand for alternative capital in the Nordics is drawing ever more attention from foreign funds and their investors, explains Thomas Bertelsen at Deloitte Debt & Capital Advisory in Denmark

Nordic alternative lending markets are less well established than some of their continental counterparts, but their appeal is growing quickly.

In the year to the end of March 2018, a total of 17 significant alternative lending deals were executed in the region by local and foreign funds. Sweden led the way in accounting for 11 of those arrangements, while Denmark, Norway and Finland each saw two deals. The total deal count represents a 31% year-on-year increase, powered by a near doubling in Sweden's tally as the other markets remained consistently active.

Business, infrastructure and professional services were the most active sector for alternative lenders, with six deals, five in Sweden and one in Denmark. New lenders most actively engaged with borrowers in the business services sector, whose intangible assets are harder for relatively risk-averse local banks to lend against. Next in terms of activity levels was the technology, media and telecoms sector, with five large deals in the year, primarily in Norway and Sweden. There were also two deals in leisure and retail, two in healthcare and life sciences, one in real estate, and one in transport and distribution. Twelve deals were unitranche, whilst he remaining three were a combination of senior, second lien and junior.

Among the many notable deals, in May of this year, Swedish lender Proventus signed a €49 million, six year financing agreement with Danish house and office moving company Santa Fe Group. The loan refinances existing debt, provides operational flexibility and ensures liquidity is available for future expansion. Last December, UK-headquartered Cordet provided a loan to Norwegian hospital software firm CSAM Health to refinance existing commitments and acquire transfusion firm Databyrån, five months later expanding the loan to support the acquisition of ambulance software business Paratus. Meanwhile, Bain Capital supported sponsor Vitruvian's majority stake acquisition of Swedish app developer EasyPark.

Nordic direct lending, or privately structured debt, is growing strongly for a number of reasons. Firstly, more local borrowers see from their counterparts that they can secure quick access to alternative forms of capital and dial up leverage for faster growth. Terms are typically more flexible than banks can offer.

In the year to the end of March 2018, a total of 17 significant alternative lending deals were executed in the region by local and foreign funds. Sweden led the way in accounting for 11 of those arrangements, while Denmark, Norway and Finland each saw two deals.

A significant boost to direct lending also comes from the regulatory environment, which is fairly welcoming to fund activity. In Sweden, there is no requirement for a business lending licence, as long as funds are not raised from the public. Licences are not required for cross border business loans into Denmark either, except when they are securitised. In Norway and Finland, while lenders do require a permit to lend, gaining one is seen more as a formality than a significant hurdle.

Meanwhile, direct lenders are buoyed by the solid performance of their investments, which is reflective of the wider economy. The continued growth of many Nordic companies is encouraging: a survey by direct lender ICG found that last year, private firms in the region saw an average of 8% EBITDA growth, the second best performance in Europe, behind France. That pace of expansion puts Nordic firms a percentage point ahead of their counterparts in Germany, and it is almost triple the growth rate in the UK. For large companies, according to S&P LCD, the last 12 months saw €11.4 billion of syndicated loans on the primary market in the Nordics region, with an average debt to EBITDA ratio of 5.6x, just above the average level observed in the rest of Europe.

In part, this continued business growth is attributable to the Nordics remaining relatively unscathed by broader European economic volatility in the decade since the global financial crisis. Last year, Sweden's GDP growth, while slightly slowing, was the highest of the Nordics at 2.5%. Its economic expansion was followed closely by Denmark and Finland, though Norway saw just 1.1% growth given its high dependency on the oil sector. Low or negative interest rates are also making leverage affordable: in Sweden, interest rates have been held at -0.5% as inflation remains below tough targets. Denmark also has a negative interest rate, and Finland has a zero rate, while Norway's is currently set at 0.5%.

However, the Nordic direct lenders do face some headwinds. While many borrowers understand the advantage of alternative capital, others are still learning about it as a viable business financing option. Across the Nordics, banks have a well-known position lending to industries with recurring revenues and specifically those operating in technology, media and telecoms. ***"The Nordic direct lending market continues to be less developed than other European markets, partly because the banks are relatively healthy and active,"*** says Daniel Sachs, chief executive at Proventus, a large Swedish direct lending fund.

Banks can also stretch leverage on the largest deals for stable borrowers, and although this is generally 1.5 turns lower than a unitranche package, competitive pricing and terms can make it attractive. ***"There is increased leverage and competition in the senior bank market, with more covenant-lite structures,"*** notes Jens Denkov, chief investment director at Danish pension fund Danica.

In spite of this, banks do face a tight squeeze from global regulation, which has caused a retreat from more risky loans and leaves numerous opportunities for direct lenders. The impact of Basel III and its position on risk weight assets mean banks have become more selective in their lending strategies, only accepting greater risk in rare circumstances and at an increased price point. As a consequence, newer lenders can win business by appealing to borrowers deemed somewhat higher risk, and by offering those firms more flexible structures and documentation terms. Those with the ability to quickly increase loan sizes when borrowers identify high quality acquisition targets are also deriving success.

Mr Denkov expects ***"the demand for privately structured subordinated debt and preference shares will increase compared to other solutions, because to a higher degree it can be tailor-made and is easier to adjust during the ownership period"***. He adds, however, that tailoring of loans in this way is an expert process, and so far ***"only a few players are constantly active"*** in this area, ***"perhaps as it is a demanding space both in terms of***

structuring capabilities and resources for due diligence, deal execution and monitoring".

A number of Nordic debt funds have proven their strong commitment to meet mid market borrowers' various needs. In addition to Proventus, they include Capital Four from Denmark and Ture Invest from Sweden. Numerous local pension funds, including Danica, have placed capital in such strategies. A minority of pension funds are developing their own capacities to lend directly, but most retain a preference to rely on existing managers' expertise in this area.

As the Nordic market matures, international funds, including Cordet, Ares, Bain Capital and TPG, are also active there. While some international funds have executed deals opportunistically, many are now taking a longer-term view based on their initial successful deals and are building expert local teams in cities such as Stockholm and Copenhagen.

These funds' loans are principally used for leveraged buyouts. Sponsored loans, involving private equity capital, represented 76% of funds' activities in the last year, and were agreed across a wide range of sectors – professional services, technology, healthcare, transport and retail - with existing business relationships proving essential.

"Like in the rest of Europe, the vast majority of the direct lending volume is still in sponsored deals, and Nordic buy-outs are typically funded by pan-European direct lending funds who have relationships with the main sponsors," explains Mr Sachs.

However, in a quarter of cases, direct loans have been used by Nordic borrowers for other purposes - mainly to fund business or product development, or to finance dividends for owners of the numerous family-run businesses in the region.

International lenders clearly have a growing interest in the Nordics, and we can see this as they increasingly transact deals there and establish local teams. The market's increased maturity is also evidenced by the notably higher consistency across lenders' underlying contractual terms, the willingness of local pension funds to invest in the direct lending strategy, and the confidence of direct lenders to remove some maintenance covenants. We expect that more singular industry-focused sponsors will also approach the Nordics – backed by their core lenders – seeing it as a reliable place to expand portfolios within their dedicated sector.

"I expect the Nordic direct lending market to continue to mature and diversity, and differentiation to increase," concludes Mr Sachs. The Nordics offer an impressive range of options to direct lenders willing to back mid-market firms that need additional growth capital. More firms will enter the space and secure strong returns as it presents an ever greater variety of powerful investment opportunities.

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Funds’ use of subscription lines and leverage facilities

Funds' use of subscription lines and leverage facilities evolves as managers seek to enhance operational efficiencies and returns

Debt funds and financial sponsors are increasingly calling on banks to provide subscription lines and leverage facilities, in an effort to increase operational flexibility and boost returns. We speak to key market players to see how market participants are approaching these transactions.

Over the last couple of years, fund managers' use of debt facilities has developed considerably. For the main part, fund managers are utilising debt in the form of subscription line facilities from banks, secured against capital calls to the funds' investors, known as Limited Partners (LPs). But they are also increasing their use of leverage facilities, secured against underlying fund investments.

Subscription lines

Subscription lines, also known as call bridges or capital call facilities, are revolving credit facilities secured against unfunded capital commitments of a fund's LPs. The advantages afforded to the borrower are noteworthy and the use of such facilities is becoming more common among asset managers. In short, subscription lines assist the fund manager ("General Partner" or "GP") from an operational perspective, smoothing the investment process and providing liquidity at short notice. Typically, capital can be called within 24 hours through the use of a subscription line, versus the lengthy seven to 10 day lead-time involved in calling capital from its LPs.

Steve Burton
Treasurer
ICG

Steve Burton, Treasurer at ICG plc, says subscription line facilities have a powerful effect in helping the GP manage cash flow and cut operational administration. ***"They are an effective tool in providing immediate liquidity. This helps us to better plan deal cash flows, sometimes making the difference between winning and losing deals, and avoids having to constantly make (often small) capital calls from, and returns to, LPs."*** He notes that they are also very useful in managing cash flows related to foreign exchange deals, providing liquidity to manage a hedging program a fund may be utilising.

Subscription line facilities are an effective tool in providing immediate liquidity. This helps us to better plan deal cash flows, sometimes making the difference between winning and losing deals

Steve Burton

Michael Robin
MD, Global Head of Financial Sponsors,
Citi Private Bank

Michael Robin, Managing Director, Chief Lending Officer and Global Head of Corporate Banking & Capital Management at Citi Private Bank, observes that subscription line facilities have evolved from their initial popularity in the United States to be utilised more consistently globally. ***"They are also now applied in a variety of situations,"*** he explains, ***"from the core bridging facilities to batching small capital calls, and even to simply improve cash handling and avoid the true up accounting processes needed across different rounds of fundraising."***

Paul Hibbert
Partner
Weil, Gotshal & Manges

Borrowers are also making use of subscription line facilities for a variety of purposes aside from cash drawings. ***"For example, infrastructure or real estate funds may utilise a subscription line facility by way of a letter of credit."*** says Paul Hibbert, a Partner at law firm Weil, Gotshal & Manges. ***"This can be an effective instrument for funds that are considering committing to high cost projects or developments as it helps provide a counterparty with greater certainty as to contractual performance."***

Infrastructure or real estate funds may utilise a subscription line facility by way of a letter of credit.

Paul Hibbert

From a lender perspective, as a result of a reliance upon the underlying strong credit quality of the LP base, the associated credit risk involved in providing such facilities is low relative to other products and as a result these facilities are relatively inexpensive. The knock on effect of this is the additional benefit of increasing a fund's Internal Rate of Return ("IRR"), which is based upon the date capital is called from the LP.

Structural leverage

In addition to subscription line facilities, fund managers are also utilising asset-backed facilities to create structural leverage at the fund level. These facilities typically aide fund managers towards the back end of their investment cycle when uncalled capital is largely unavailable for follow-on investments. Importantly, these facilities add structural leverage to the fund, assisting in boosting returns.

In contrast to subscription lines, leverage facilities are by nature more complex, as they are structured around the quality of the underlying asset base. As such, lender appetite for these facilities is more dependent upon the track record of the asset manager itself, and its ability to originate high quality assets. As a result, the pricing of these facilities is inherently more expensive and the documented conditions are more onerous in comparison.

To date the use of these facilities has typically been more prevalent in direct lending funds, where senior leverage of between 50% and 70% can be obtained at a cost of Libor + 2-4%, depending on the nature of the underlying assets. Nevertheless, there has been a pick-up in interest from financial sponsors in arranging such facilities, to provide liquidity at the back end of the fund's investment cycle.

Hybrid facilities

One area that has been subject to much talk is that of hybrid facilities, which combine subscription line and asset backed facilities. To achieve a smooth transition to the latter after a set period, banks ensure that ***"for a couple of years the loan tends to operate as a subscription line, then for a year it is a part of both subscription line and asset backed, then for the final period it is asset backed only"***, according to Mike Lewis, Head of Private Equity and Funds Banking at RBS International.

Mike Lewis
Head of Private Equity and Funds Banking
RBS International

> For a couple of years the loan tends to operate as a subscription line, then for a year it is a part of both subscription line and asset backed, then for the final period it is asset backed only.
>
> **Mike Lewis**

Use of hybrid facilities tends to be most notable ***"where there is a clear and dedicated focus, such as energy, power or real estate, because the relevant groups in the bank lending the money can more easily assess the credit against the equity of the fund, and they are well accustomed to the sector"***, says Mr Robin.

Transparency and Disclosure

The topic of fund finance has attracted distinct attention from both the media and trade associations, namely the Institutional Limited Partners Association (ILPA), whose members include a range of institutional LPs. A core area of contention is that use of such facilities leads to return enhancement, driving higher performance fees for the fund manager and potentially creating a conflict of interest between the GP and LPs. The ILPA guidelines have called for increased transparency, including the requirement for fund managers to disclose their usage of credit lines, and recommendations as to the size of the facility relative to uncalled investor capital (15-25%). These recommendations, alongside several others, are intended to increase transparency within the market.

Dirk Kaiser, Director of Subscription Finance within Asset Backed Finance at Wells Fargo, says that while these recommendations have not necessarily led to a new standard approach from funds, they have prompted healthy dialogue between banks, funds and their LPs. He adds: ***"We occasionally see some reference to the ILPA guidelines in limited partnership agreements, for example that drawdown requests under a subscription line facility must be issued in accordance with ILPA guidelines. It seems that with the dialogue most investors see the loans as advantageous."***

Dirk Kaiser
Director
Wells Fargo

> We occasionally see some reference to the ILPA guidelines in limited partnership agreements, for example that drawdown requests under a subscription line facility must be issued in accordance with ILPA guidelines. It seems that with the dialogue most investors see the loans as advantageous.
>
> **Dirk Kaiser**

In spite of the media coverage and the ILPA guidelines, industry participants say experienced investors appreciate the benefits of allowing funds to invest in short order and promote operational efficiencies. ***"We know that a lot of investors like the flexibility that these facilities provide, knowing that funds can be put to work quickly"*** says Mr Burton at ICG. ***"But transparency is essential: funds should be upfront about the use of financing and the basic structure of the facilities. From our perspective this reflects the type of relationship that we want with our LPs."***

Lender competition on the up

As usage of these facilities becomes ever more common, banks are taking a proactive stance, and their role is evolving. Mr Hibbert explains, ***"Lenders are speaking to funds early on in the fund raising process. This has helped managers to put in place financing more easily as the fund documentation is prepared from the outset in a way which accommodates future borrowings."***

The market for these forms of finance is more mature in the United States, where the products have been used by managers for some time. With the increasing prevalence of US banks, including Citi and Wells Fargo, in the European market, the dichotomy between the two markets has eroded in recent years, and as more banks have entered the fray in Europe, there has been downward pressure on pricing, particularly subscription line facilities. ***"The pricing of larger deals for multi-banked funds has remained fairly consistent. What's really notable is the desire of small and medium funds to demand pricing commensurate with those larger funds."*** says Mr Lewis.

Given increased competition, banks are beginning to differentiate themselves in terms of how they assess the borrowing base.

Nicola Wherity
Partner
Clifford Chance

Whilst competition is intensifying, more experienced players continue to dictate terms, with new entrants choosing to follow. ***"Many of the banks who are expert in this area will have very specific terms they expect to see in any agreement,"*** explains Nicola Wherity, Partner at law firm Clifford Chance. For the newer entrants that are less experienced, she says, ***"they often rely on the established lenders in a syndicate to help set the right terms".***

The future is definitely bright for fund finance, it is a very fast growing area and there are many more players joining, finding strong demand for their own products.

Nicola Wherity

Ben James
Assistant Director
Deloitte

With the heightened competition in fund finance market affording GPs a variety of choice when selecting lenders, it is becoming ever more important that fund managers carefully select lenders when forming a syndicate. ***"It is essential that borrowers select lenders not only based on existing relationships, but also in light of additional ancillary services which lenders can provide to the fund and/or fund manager".*** Ben James, Assistant Director from Debt & Capital Advisory at Deloitte.

It is essential that borrowers select lenders not only based on existing relationships, but also in light of additional ancillary services...

Ben James

Naturally, as the scale of assets under management increases, so too will the size of the funding requirements, and the number of participants in syndicates. This raises the complexity of underlying loan documentation, especially with respect to making amendments after signing. As a result, some larger investors are asking for their own agreements. "***We see an increased propensity towards single managed accounts for large institutional investors who want to negotiate their own Limited Partnership Agreement (LPA) and perhaps even better fee levels. This is a challenge for funds, but also for banks who view subscription lines as offering strong investor diversity,"*** says Mr Lewis.

Growth ahead

Market participants note that in the coming years, there will be both opportunities and challenges. Whilst added complexity in the composition of underlying asset portfolios represents a challenge to lenders in terms of the depth of diligence needed , lenders also have a great opportunity to carve out a niche market for themselves. ***"Added complexity, coupled with a significant number of new entrants provide great opportunities for borrowers to raise facilities that best meet their key objectives"***. says James Blastland, Director from Debt & Capital Advisory at Deloitte.

James Blastland
Director
Deloitte

This examination is a complex effort: investors, in addition to the LPA, often sign a side letter specifying important exceptions, additions or variations to their specific rights and duties. ***"Banks need to understand the potential effect on a financing of investors' side letter positions,"*** Ms Wherity adds, ***"so they can assess if an investor has grounds to reject a call for repayment of a bridge facility."***

Then there is the complexity brought about by regulation. ***"Many in the industry will be watching to see how regulations such as Know Your Customer (KYC) and anti-money laundering (AML) will evolve in the UK and Europe."*** notes Mr Kaiser, explaining that this will play a significant part in the arrangement and operation of subscription line facilities.

Finally, there is the risk of a tightening economy. ***"We still need to see how the market plays out as interest rates rise and borrowing becomes more expensive, particularly for funds with lower returns,"*** says Mr Burton. ***"In addition, it will be interesting to see how the supply of credit evolves in more strained economic times. Whilst price is key, maintaining and establishing long term relationships with banks, or other providers, is key to ensuring our long term access to credit, and also to having the flexibility to evolve the nature of the facilities over time to better support LP needs"***

Nevertheless, the sheer size of the addressable market, and the increase in the number of direct lending and private equity asset managers and their respective assets under management means there is strong potential for continued growth. Default rates remain very low, and it is expected that there will be further diversity in the type and structure of financing lines available to managers. ***"The future is definitely bright for fund finance,"*** concludes Ms Wherity. ***"It is a fast growing area and there are many more players joining, finding strong demand for a growing range of financing solutions for asset managers and their investors."***

Deloitte brings together lenders and borrowers, and with its deep expertise can advise on all forms of fund finance.

Deloitte's CFO Survey

Results from Deloitte's CFO Survey Q1 2018

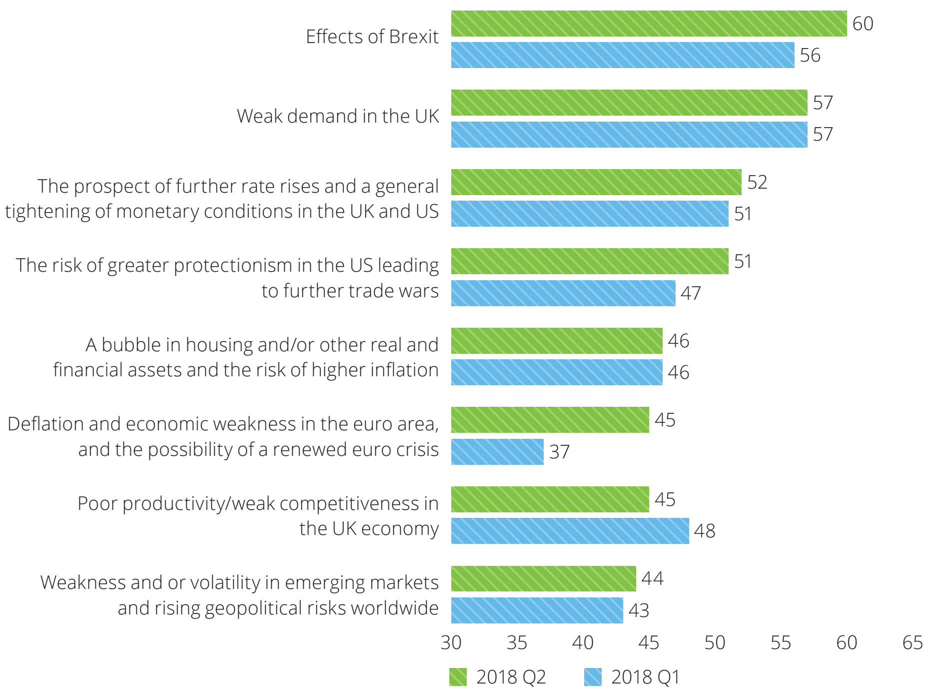
This is the 44th quarterly survey of Chief Financial Officers and Group Finance Directors of major companies in the UK. The 2018 second quarter survey took place between 3rd and 14th June. 103 CFOs participated, including the CFOs of 20 FTSE 100 and 45 FTSE 250 companies. The rest were CFOs of other UK-listed companies, large private companies and UK subsidiaries of major companies listed overseas. The combined market value of the 76 UK-listed companies surveyed is £504 billion, or approximately 19% of the UK quoted equity market.

Risk to business posed by the following factors

CFOs rank Brexit as their top risk, followed by concerns over weak demand and the prospect of tighter monetary policy in the UK and US.

CFOs have become considerably more concerned about the risks posed by greater protectionism in the US and economic weakness in the euro area in the second quarter. Concerns over poor productivity in the UK have receded.

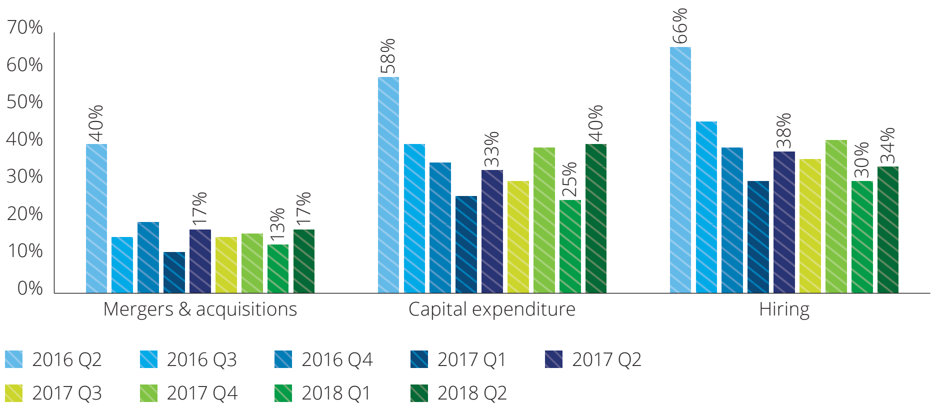
Weighted average ratings on a scale of 0-100 where 0 stands for no risk and 100 stands for the highest possible risk



Effect of Brexit on own spending and hiring decisions

CFOs expect to reduce their own spending as a result of Brexit. 40% intend to scale back their hiring plans and those who plan on reducing capital expenditure over the next three years has risen to a third from 25% last quarter.

% of CFOs who expect M&A activity, capital expenditure and hiring by their business to decrease over the next three years as a consequence of Brexit

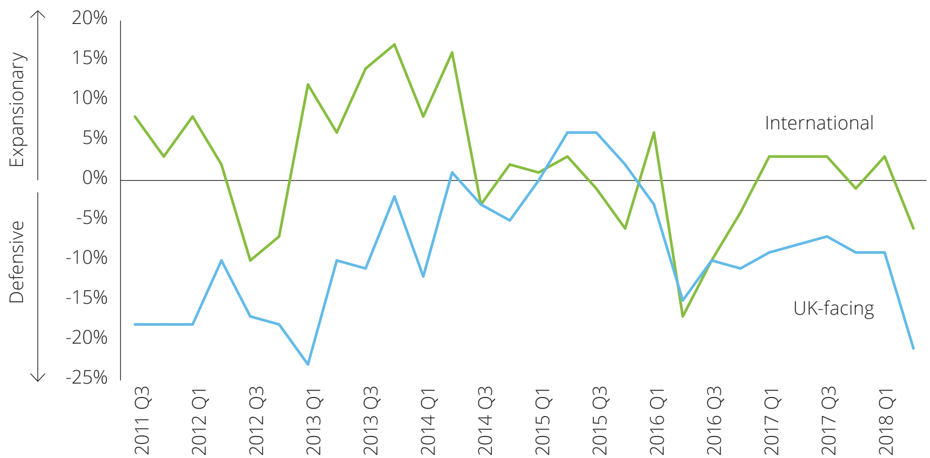


Index of corporate expansion

There is a clear distinction between the priorities of UK-facing firms – those that report more than 70% of their revenues from the UK – and companies that receive the majority of their revenues from overseas.

Internationally focused firms are markedly less defensive than their domestic counterparts, who have a particular emphasis on cost reduction and increasing cash flow. .

Index of corporate expansion: International & UK-facing corporates

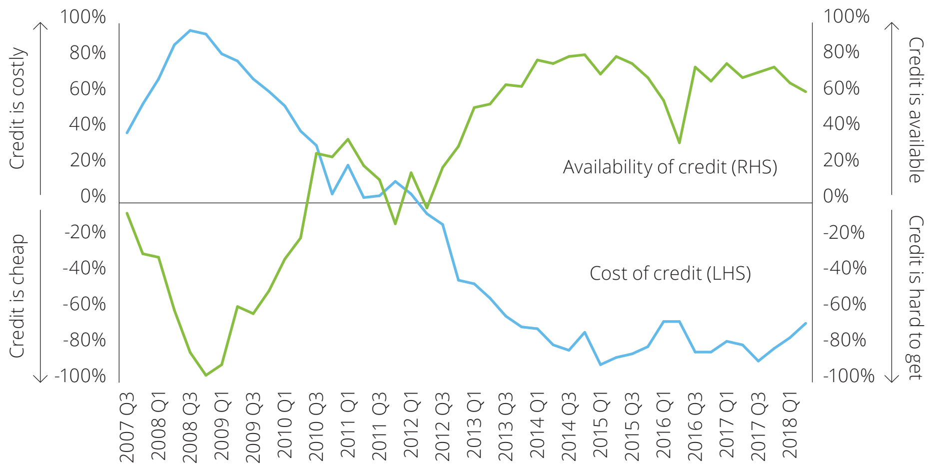


Cost and availability of credit

Financing conditions remain favourable for the large corporates on our panel.

Credit is still easily available and although CFOs have reported a slight increase in its cost over recent quarters, it is still seen as cheap by historical standards.

Net % of CFOs reporting credit is costly and credit is easily available

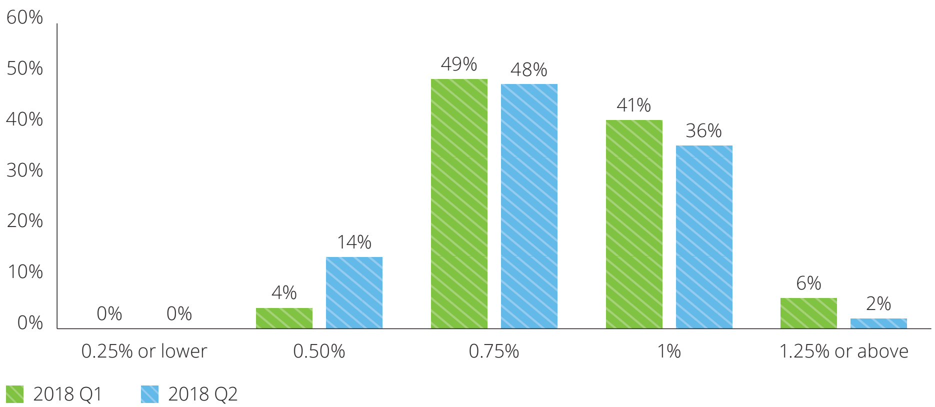


Interest rate expectations

Interest rate expectations have fallen back from the previous quarter.

38% of CFOs now expect the Bank of England's base rate to be 1% or higher in a year's time, down from 47% in the previous quarter.

% of CFOs who expect the Bank of England's base rate to be at the following levels in a year's time



Source: Deloitte publication *"The Deloitte CFO Survey Q1 2018: "Brexit transition boosts business confidence"*

Insights into the European Alternative Lending market

Alternative Lender '101' guide

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

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

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

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

Key differences to bank lenders?

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

However

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

Euro Private Placement '101' guide

Euro PP for mid-cap corporates at a glance

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

Key characteristics of the credit investor base

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

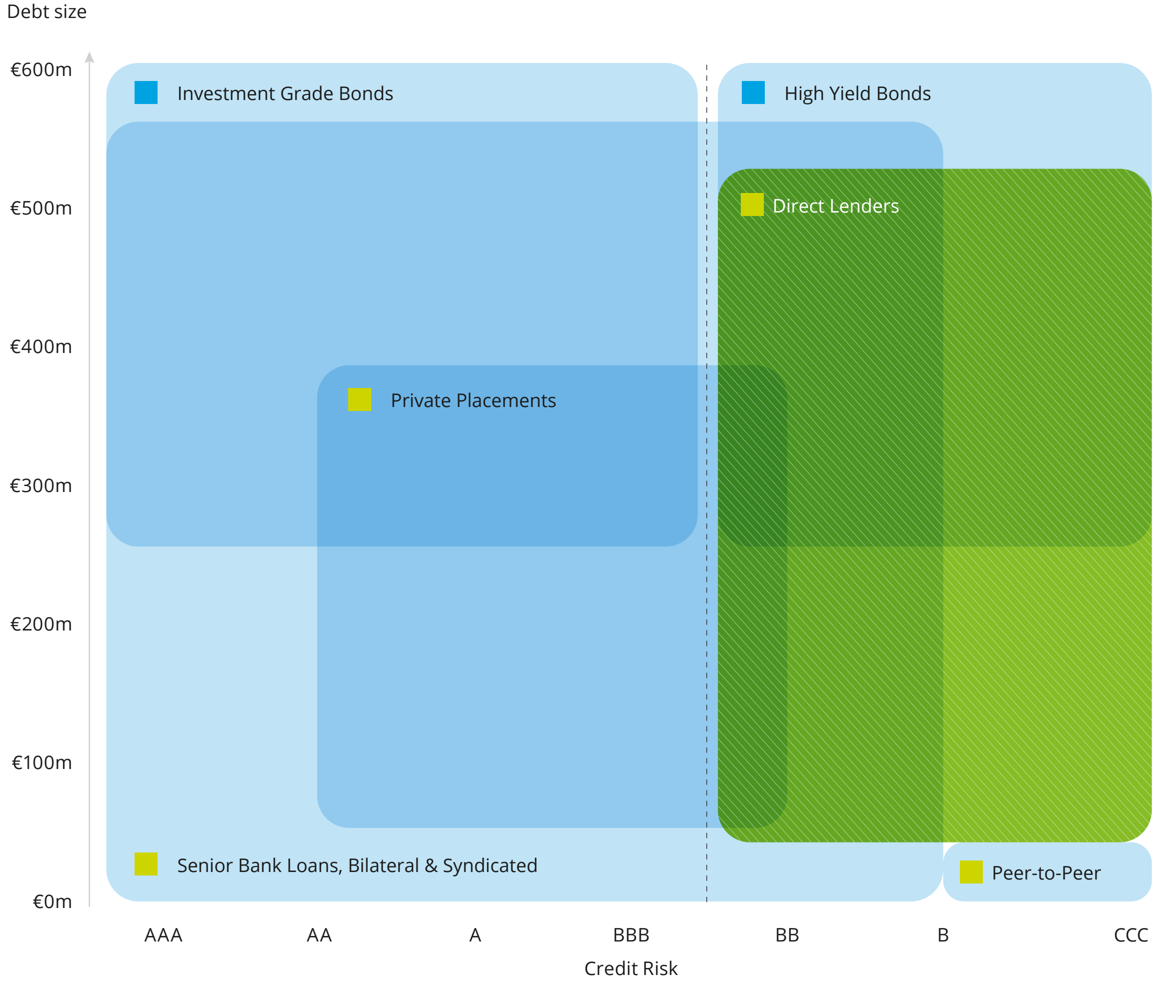
Main features of Euro PP

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

Pros and Cons of Euro PP

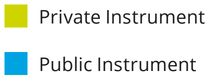
- ✓ Long maturity
- ✓ Bullet repayment (free-up cash flow)
- ✓ Diversification of sources of funding (bank disintermediation)
- ✓ Very limited number of lenders for each transaction
- ✓ Confidentiality (no public financial disclosure)
- ✓ Covenant flexibility and adapted to the business
- ✓ General corporate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

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

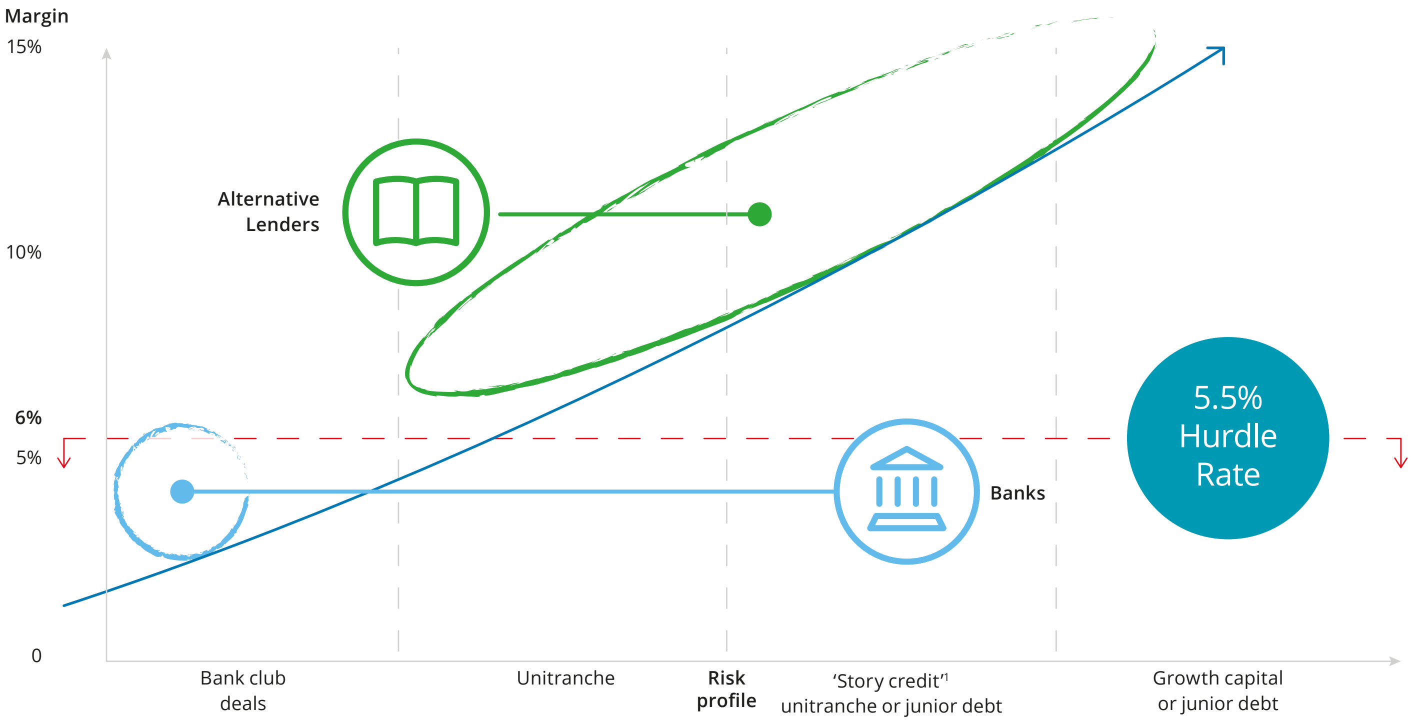


Cash flow debt products

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



How do Alternative Lenders compete with bank lenders?



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

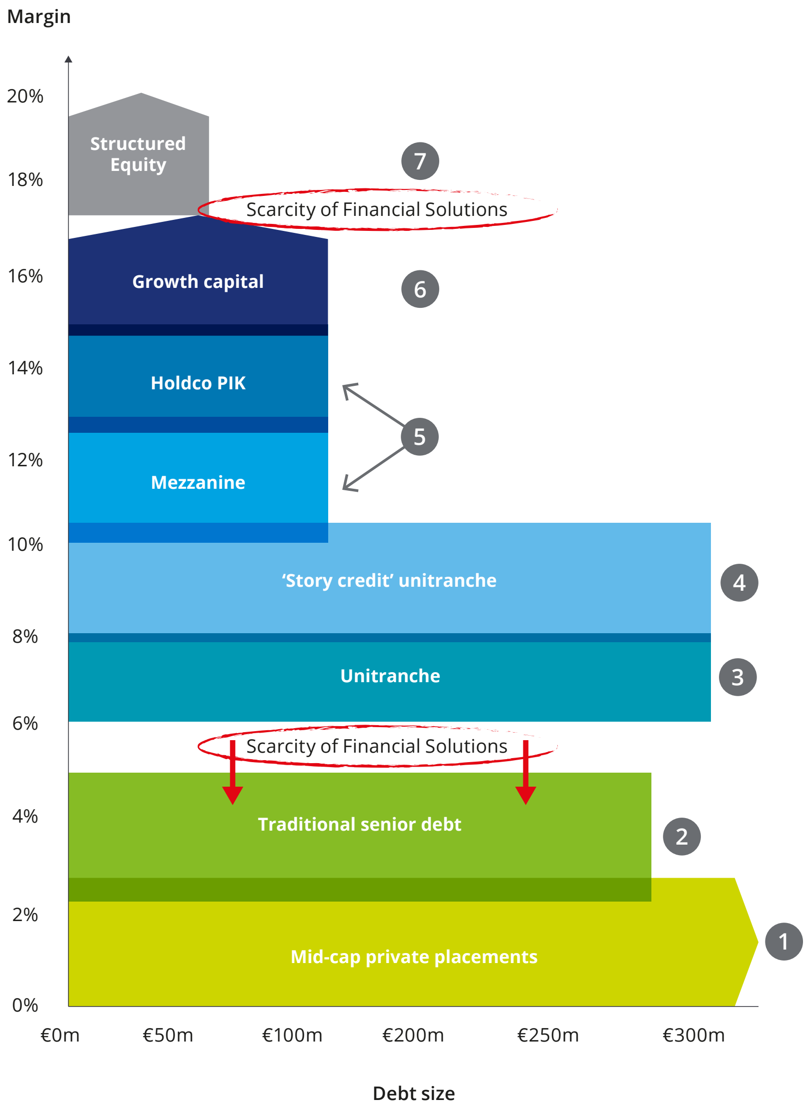
Majority of the Direct Lenders have hurdle rates which are above L+550bps margin and are mostly involved in the most popular strategy of 'plain vanilla' unitranche, which is the deepest part of the private debt market. However, direct lenders are increasingly raising senior risk strategies funds with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

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

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

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

What are the private debt strategies?



Note: Distressed strategies are excluded from this overview

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

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

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

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

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

The latter is mostly the approach of large asset managers.

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

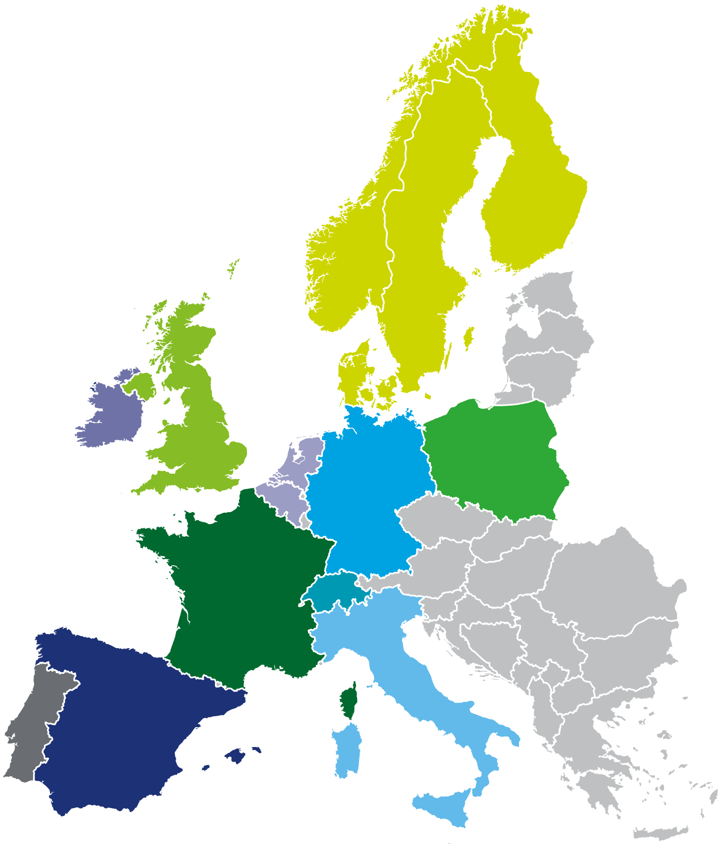
Fund strategy	Description	Target return (Gross IRR)	Investment period	Fund term	Management fee	Preferred return	Carried interest
Direct senior lending	Invest directly into corporate credit at senior levels of the capital structure	5-10%	1-3 years	5-7 years (plus 1-2 optional one year extensions)	Typically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

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

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

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

Who are the Direct Lenders?



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

United Kingdom

aperacapital, Alcentra, ARDIAN, ARES, BainCapital, BARINGS, BEECHBROOK, BLACKROCK, BlueBay, citi, CRESCENT, EQT, eso, GROVEPOINT, GUGGENHEIM, CVC, HERMES, ICG, KARTESIA, KKR, HAYFIN, M&G, MACQUARIE, MAGNETAR CAPITAL, Muzinich & Co., MV Credit, Njord, Northleaf, Partners Group, PERMIRA, Pemberton Capital, Praesidian Capital, ROTHSCHILD, THCP, Tikehau, TPG, terra firma

Germany

aperacapital, ARDIAN, ARES, BLACKROCK, EQT, HAYFIN, idinvest, ICG, KARTESIA, Pemberton Capital, PERMIRA

Poland

CreditValue

Spain

ALANTRA, ICG, idinvest, KARTESIA, KKR, HAYFIN, MAGNETAR CAPITAL, Muzinich & Co., Tikehau, TREA, oquendo, Pemberton Capital

Nordics

ARES, PROVENTUS

Italy

Emisys capital, Muzinich & Co., Pemberton Capital, Tikehau

Benelux

delta lloyd, HAYFIN, ICG, KARTESIA, PMV, THCP, Tikehau

Ireland

Activate Capital, BlueBay, BainCapital, CARDINAL

Portugal

Switzerland

eso, Partners Group, taviscapital

France

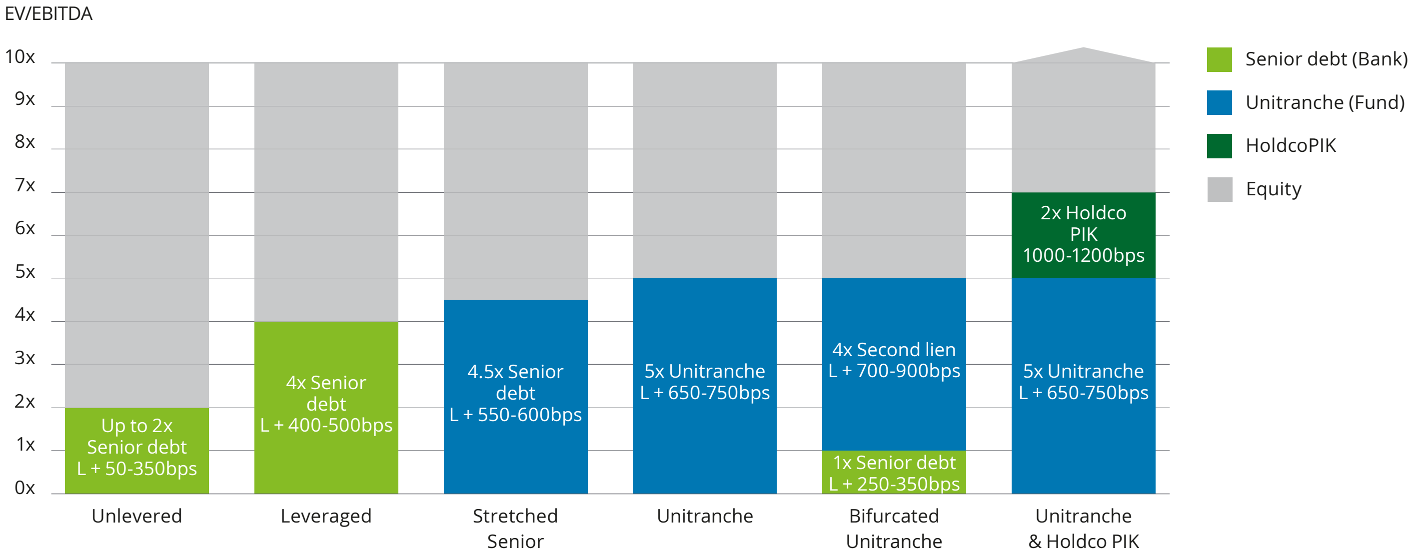
aperacapital, ARES, BLACKROCK, ARDIAN, emz, bpifrance, CEREA PARTENAIRE, Capzanine, HAYFIN, ICG, idinvest, KARTESIA, Muzinich & Co., Partners Group, Tikehau, KKR, PERMIRA, Pemberton Capital, ROTHSCHILD

Especially focused on Euro PP

Amundi, Artemid, CEREA PARTENAIRE, idinvest, Tikehau

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

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

Pros and Cons per structure

Unlevered	Leveraged	Stretched Senior	Unitranche	Bifurcated Unitranche	Unitranche & Holdco PIK
✓ Lowest pricing ✓ Relationship bank	✓ Increased leverage ✓ Club of relationship banks	✓ Increased leverage ✓ Bullet debt ✓ Lower Equity contribution	✓ 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 • Partly amortising	• More restrictive terms than Unitranche • Higher pricing than bank debt • Need for RCF lender	• Higher pricing	• Higher pricing • Intercreditor/AAL	• Higher pricing

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

Background

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

Opportunity

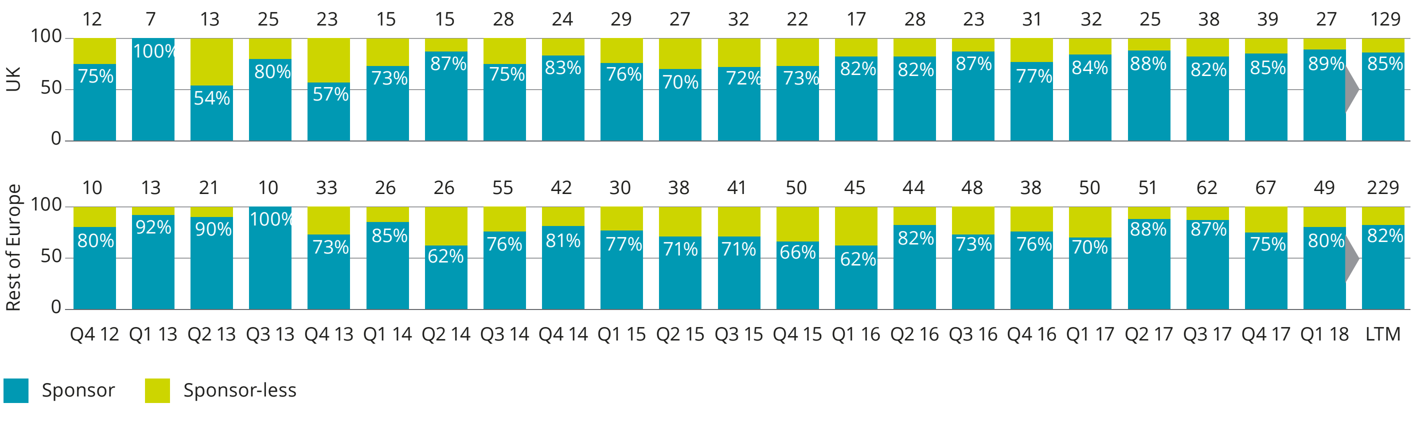
- Alternative Lenders are actively looking to form longer term partnerships with performing private companies to fund expansion.
- Recent market transactions have been structured on Debt/EBITDA multiples as high as 4.5-5.0x including identifiable hard synergies. Typically, this is subject to c.30 – 40%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

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

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

Sponsor backed versus private Direct Lending deals

As % of total deals per quarter



Unlocking transformational acquisitions for privately owned companies

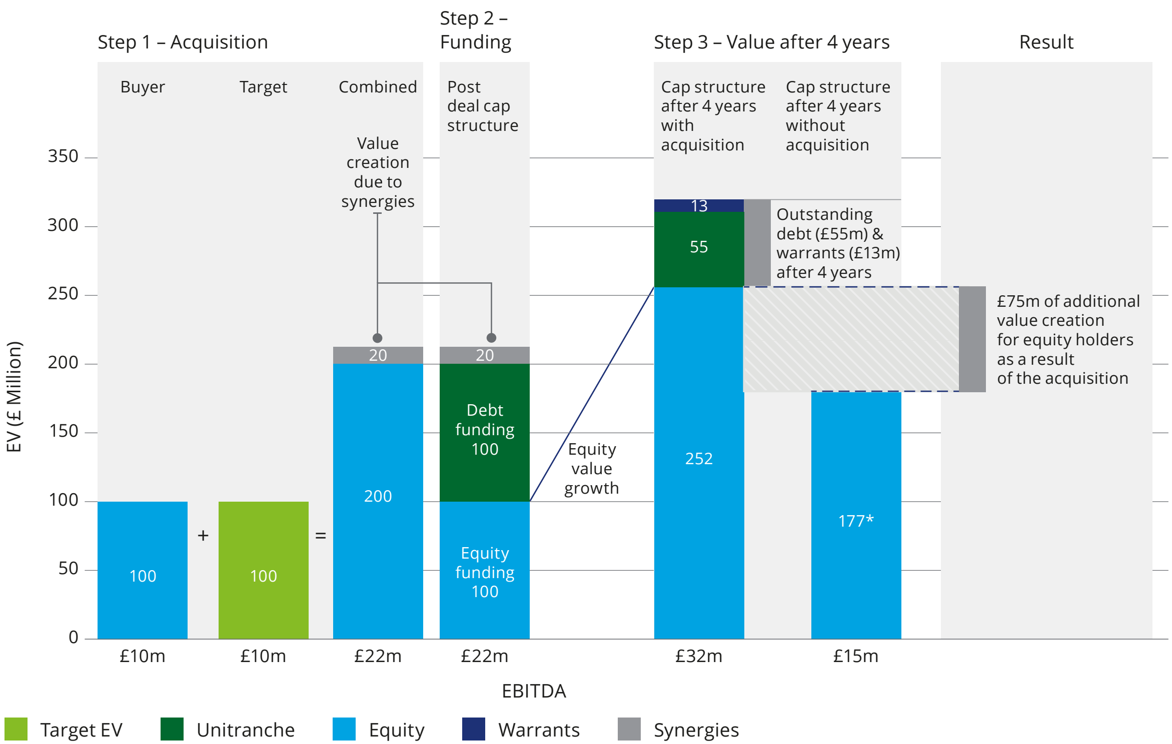
Indicative calculations

- The calculations on this page illustrate the theoretical effect of value creation through acquisitions financed using Alternative Lenders.

- In this example equity value grows from £100m to £252m in 4 years time. Without the acquisition, the equity value would have been only £177m, using the same assumptions and disregarding any value creation as a result of multiple arbitrage.

Value creation through M&A

Indicative calculations

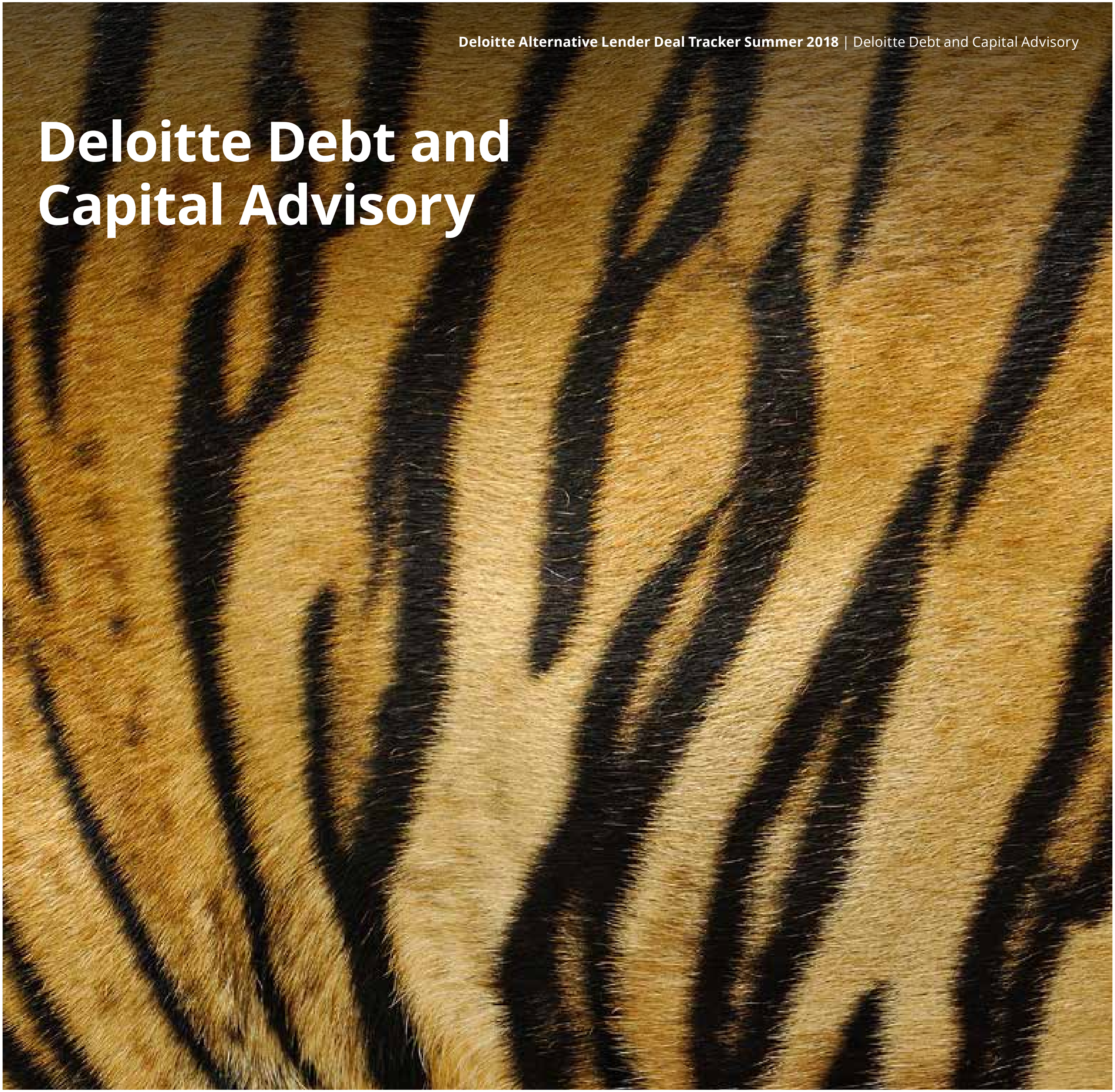


*EV is c.£147m and with c.£30m cash on balance sheet brings the equity value to c.£177m.

Assumptions

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

Deloitte Debt and Capital Advisory



What do we do for our clients?

Debt and Capital Advisory

Independent advice

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

Global resources & execution expertise

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

Market leading team

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

Demonstrable track record

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

Debt and Capital Services provided

Refinancing

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

Acquisitions, disposals, mergers

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

Restructuring or negotiating

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

Treasury

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

Depth and breadth of expertise in a variety of situations

How complex is your credit?

Sector

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

Market position & Clients

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

Management, Shareholders & Jurisdiction

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

Financial Performance

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

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One of the most successful Debt and Capital Advisory teams

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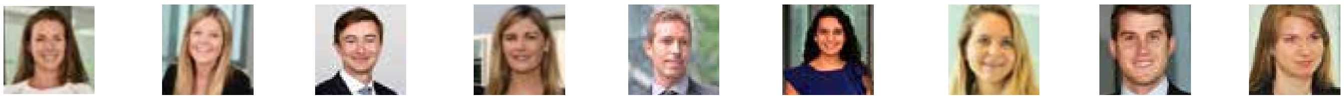

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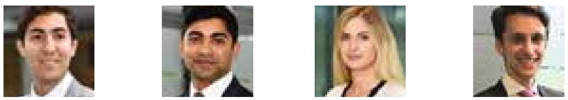

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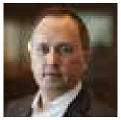

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Deloitte Debt and Capital Advisory credentials

Selected Global transactions

Client	Transaction	Date – Value	Country
HgCapital	Staple Financing	May 2018 – Undisclosed	UKw
Iris	Staple Financingw	May 2018 –Undisclosed	UK
Allocate	Acquisition Financing	May 2018 – Undisclosed	UK
Foundry	Acquisition Financing	Apr 2018 – Undisclosed	UK
Access	Acquisition Financing	Apr 2018 –Undisclosed	UK
Kinapse	Acquisition Financing	Apr 2018 – Undisclosed	UK
Inflexion	Acquisition Financing	Apr 2018 – Undisclosed	UK
Bolster	Acquisition Financing	Apr 2018 – Undisclosed	Netherlands
Project Luther	Refinancing	Mar 2018 – £400m	UK
A-Plan	Bolt-on Financing	Mar 2018 – Undisclosed	UK
Lowe Rental	Staple Financing	Mar 2018 – Undisclosed	UK/Ireland
Newport Capital	Acquisition Financing	Mar 2018 – Undisclosed	Netherlands
Fundinfo	Acquisition Financing	Mar 2018 – Undisclosed	UK
Dada	Acquisition Financing	Feb 2018 – Undisclosed	UK
Qbuzz	Lease Financing	Feb 2018 – Undisclosed	Netherlands
International Car Leasing	Conduit Refinancing	Feb 2018 – Undisclosed	Netherlands
HgCapital	Refinancing	Jan 2018 – Undisclosed	UK
Westfalia	Acquisition Financing	Jan 2018 – $140m	UK
Latécoère	Refinancing	Dec 2017 – €55m	France
Forest Capital	Acquisition Financing	Dec 2017 – Undisclosed	UK
Silverfleet	Acquisition Financing	Dec 2017 – Undisclosed	UK
Domino's Group Plc	Refinancing	Dec 2017 – £350m	UK
Norli Pension	Acquisition Financing	Dec 2017 – €37m	Denmark
Kalaallit Airports	Capex Financing	Dec 2017 – €250m	Denmark
Koncenton	Acquisition Financing	Dec 2017 – €35m	Denmark
Multraship	Refinancing	Dec 2017 – €60m	Netherlands
easyGYM	Growth Financing	Dec 2017 – Undisclosed	Netherlands
Kouwenberg	Acquisition Financing	Dec 2017 – €7m	Netherlands
IZICO Food Group	Acquisition Financing	Nov 2017 – €97m	Netherlands
TSH	Refinancing	Nov 2017 – €310m	Netherlands
Xafinity	Acquisition Finance	Nov 2017 – £80m	UK
Cogital	Refinancing	Nov 2017 – NOK1400m	UK
Atcore	Staple Financing	Nov 2017 – Undisclosed	UK
Citation	Refinancing	Nov 2017 – Undisclosed	UK
Ullink	Staple	Nov 2017 – Undisclosed	UK
Viabill	Acquisition Financing	Oct 2017 – €40m	Denmark
Undisc. Infrastructure Fund	Acuisition Financing	Oct 2017 – Undisclosed	Denmark
Birch & Co	Acquisition Financing	Oct 2017 – €23m	Denmark
YSC Holdings	Staple Financing	Oct 2017 – Undisclosed	UK
Iris	Refinancing	Oct 2017 – Undisclosed	UK
Micro Focus	Banking Continuity Services	Oct 2017 – Undisclosed	UK
Undisclosed	Developement Finance	Oct 2017 – €5m	Ireland
Cara Pharmacy	Refinance & Debt Raise	Sep 2017 – €16.2m	Ireland
Noden Pharma	Debt Advisory	Sep 2017 – Undisclosed	Ireland
Monarch Plastics	Refinancing	Sep 2017 – Undisclosed	Canada
Manitoba Clinic	Refinancing	Sep 2017 – Undisclosed	Canada
Arena Plaza	Refinancing	Sep 2017 – €200m	UK
Kisimul	Acquisition Finance	Sep 2017 – Undisclosed	UK

Selected Global transactions

Company	Transaction	Date – Amount	Country
LDC	Acquisition Financing	Sep 2017 – Undisclosed	UK
FFUN Motor Group	Refinancing	Aug 2017 – C$100m	Canada
Sovos Compliance	Acquisition Financing	Aug 2017 – Undisclosed	US
Lendified	Debt Financing	Aug 2017 – C$60m	Canada
STIGA	Refinancing	Aug 2017 – £260m	UK
ISP	Refinancing	Aug 2017 – Undisclosed	UK
Arachas	Acquisition Finance	Aug 2017 – Undisclosed	UK
BluJay	Refinancing	Aug 2017 – Undisclosed	UK
Fundinfo	Refinancing	Aug 2017 – Undisclosed	UK
Esendex	Acquisition Finance	Aug 2017 – Undisclosed	UK
Aston Scott	Acquisition Finance	Jul 2017 – Undisclosed	UK
DFS	Refinancing	Jul 2017 –£230m	UK
Forterra	Refinancing	Jul 2017 – £150m	UK
Air Greenland	Dividend Recap	Jul 2017 – Undisclosed	Denmark
Institutos Odontologics	Growth Financing	Jul 2017 – €50m	Spain
Acome	Amend & Extend	Jul 2017 – €60m	France
BioTelemetry, Inc	Acquisition Financing	Jun 2017 – €255m	US
Sports & Leisure Group	Staple Financing	Jun 2017 - Undisclosed	Belgium
Labflex	Acquisition Financing	Jun 2017 – €15m	Denmark
Stage Entertainment	Refinancing	Jun 2017 – Undisclosed	Netherlands
Keylane	Refinancing	Jun 2017 – Undisclosed	Netherlands
McBride PLC	Refinancing	Jun 2017 – €175m	UK
Information Builders, Inc	Refinancing	May 2017 – Undisclosed	UK
Project Atlanta	Growth Financing	May 2017 – $20m	Chile
FMTG	Financing	May 2017 – Undisclosed	AT
CFC Capital Limited	Staple	Apr 2017 – Undisclosed	UK
Ullink	Refinancing	Apr 2017 – Undisclosed	UK
A-plan	Refinancing	Apr 2017 – Undisclosed	UK
HgCapital	Acquisition Financing	Apr 2017 – $315m	US
Marfo	Acquisition Financing	Mar 2017 – Undisclosed	Netherlands
Foreman Capital	Acquisition Financing	Mar 2017 – Undisclosed	Denmark
Monjasa A/S	Refinancing	Mar 2017 – $67.5m	Denmark
Habock Aviation Group	Build up Financing	Mar 2017 – €25m	Spain
EUROFIMA	Financial Advisor	Mar 2017 – Undisclosed	Switzerland
Koncenton	Mortgage Finance	Oct 2017 – Undisclosed	UK
CVL	Staple	Feb 2017 – Undisclosed	UK
Euromoney PLC	Acquisition Finance	Feb 2017 – $201m + £162m	UK
BCA	Refinancing	Feb 2017 – £500m	UK
Sovereign Capital	Debt Advisory	Feb 2017 – €26m	Ireland
Koncenton	Mortgage Finance	Feb 2017 – €50m	Denmark
ATP	Recapitalisation	Jan 2017 – Undisclosed	Denmark
Acta Marine	Capex Financing	Jan 2017 – Undisclosed	Netherlands
TUHF	Pvte Placement Board	Jan 2017 – ZAR280m	South Africa
Transport Vervaeke	Acquisition Finance	Jan 2017 – Undisclosed	Belgium
Zenith	Staple	Jan 2017 – Undisclosed	UK
Intelliflo	Refinancing	Jan 2017 – Undisclosed	UK
Champ Ventures	Growth Financing	Jan 2017 – £20m	UK
FL Partners	Acquisition Finance	Jan 2017 –£15m	UK

Notes

Important Notice in relation to page 16-17

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