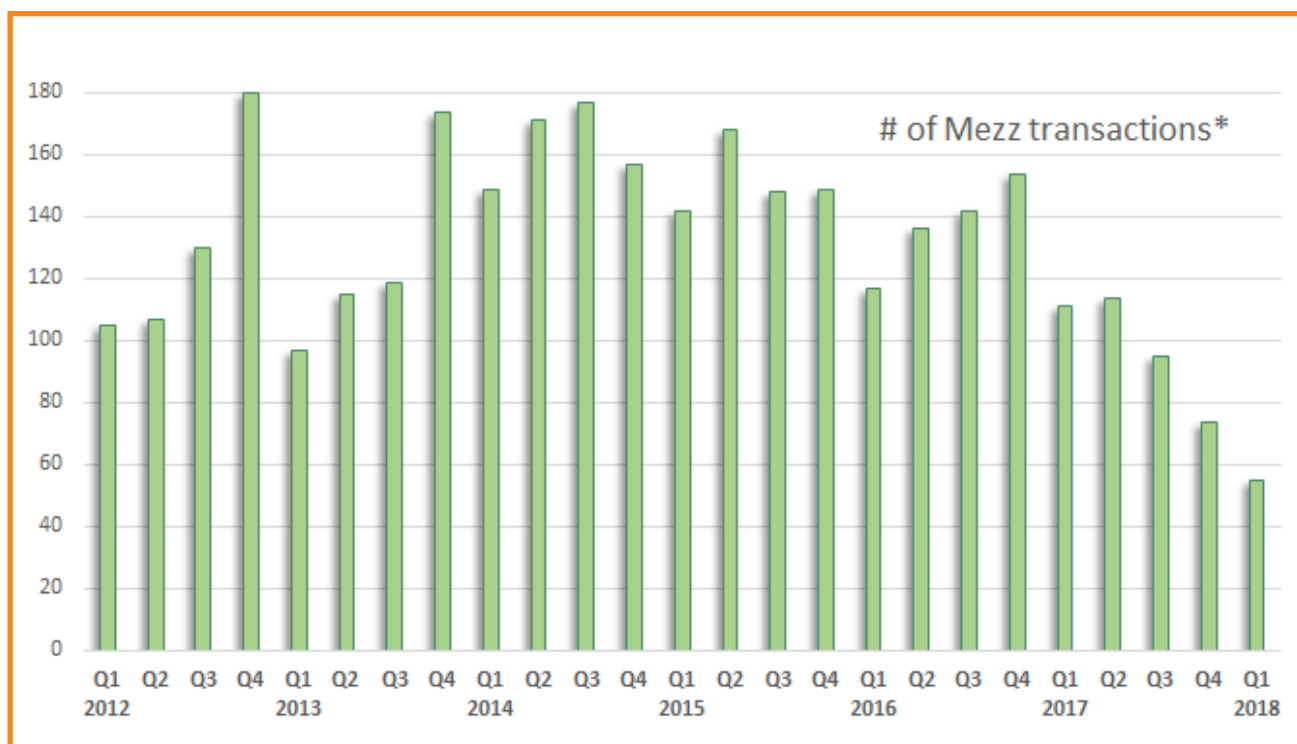


Breaking Down the Market

It's official, there was an overall decline in 2017 mezzanine activity. For the 12-month period ending December 2017, activity was down 28% from 549 to **394**. Comparing Q4 2016 with Q4 2017, transactions were down 52% from 154 to **74**. Of the 74 completed mezzanine transactions in the fourth quarter of 2017, **69%** involved a sponsor. Overall, **9.5%** of new platform private equity investments for this period had a mezzanine component, compared to 17.6% of new platform PE investments in Q4 2016. Finally, the **Services** sector was the most active for the quarter ending December 2017, followed by Industrial, IT, Healthcare, and Consumer.



**Closed mezzanine investments of \$3 MM and greater with the target located in the U.S. and Canada. Includes select unitranche and senior secured financings with pricing or other features similar to mezzanine.*

Notable Mezzanine Transactions

- In March of 2018, Legado Capital acquired Kivuto Solutions Inc. Based in Ottawa, Canada, Kivuto Solutions offers academic software, e-texts and other digital resources for the academic industry. **Business Development Bank of Canada** supported this transaction with mezzanine financing. Senior lending was provided by Toronto Dominion Bank.
- Capitala Group** supported two transactions in January 2018 with debt and equity investments. The first transaction included \$13M for the acquisition of Texas based Alternative Biomedical Solutions, a provider of toxicology and chemistry measurement systems to the biomedical industry by Centre Lane Partners. Lazard acted as the sell-side advisor on the deal. The second transaction included \$11.3M in debt and equity financing for RFE Investment Partners' acquisition of ThreeBridge Solutions LLC (dba 3Bridge Solutions). 3Bridge Solutions is based in Minneapolis, and offers IT and business consulting services.

Notable Mezzanine Transactions (cont.)

- In March of 2018, **Avante Mezzanine** provided subordinated debt and equity in support of Promus Equity's acquisition of Quest Products LLC ("Quest"). Quest is a provider of consumer packaged goods and e-commerce services. Capstone Headwaters acted as the sell-side advisor and Hinshaw & Culbertson acted as the sell-side legal advisor for this transaction. Additionally, as part of this transaction, Quest along with its investment from Promus Equity, acquired Clinere Products LLC, a manufacturer of consumer ear-cleaning products. MB Financial provided senior debt for both transactions.
- **GMB Mezzanine Capital** provided mezzanine financing for the recapitalization of Comprehensive EyeCare Partners (dba CompEye) by Gauge Capital. CompEye operates a vision care practice management company serving over 16 clinics, 30 ophthalmologists, and two ambulatory surgery centers. The sell-side advisor was Brentwood Capital Advisors.
- FRCH Design Worldwide was acquired by NELSON - Architects in January of 2018. This deal was supported by senior debt, subordinated debt, and equity from **Prudential Capital Partners** and **Whitehorse Finance**. Brown Gibbons Lang & Co acted as the sell-side advisor. FRCH is based in Cincinnati, OH and operates a strategic design and architectural firm.
- The Fresno, CA based Specialty Sales was acquired by Benford Capital Partners in March of 2018. Specialty Sales is a provider of automated hoof bath systems and the preventative hoof care treatment products utilized in these systems for commercial dairies in the United States. **Maranon Capital** supported this transaction with a mezzanine and equity co-investment and First Merchants Bank provided senior financing. Cascadia Capital acted as the sell-side advisor.
- **Five Points Capital** supported Northlane Capital Partners' acquisition of List Partners LLC with subordinated debt and equity. List Partners is based in Atlanta, GA and offers lead generation solutions to the marketing and advertising industry. Petsy Prunier acted as the sell-side advisor for this transaction.

For additional information or general inquiries, contact:

CATHERINE DALY

212-376-6126

cdaly@suttonplacestrategies.com

**Sutton Place Strategies, LLC (SPS) analysis and reports have been prepared for informational and marketing purposes only and are not intended to be used as a complete source of information on any particular company or trend in the industry. SPS accepts no liability in contract, negligence or otherwise for any error or omission in the information, data, or analysis provided by SPS. SPS does not make any representations, warranties or covenants of any kind, express or implied, and shall have no responsibility or liability for the business or other decisions based upon the use of SPS's reports or the results obtained from the use of information and reports provided by SPS, or the analysis or interpretation of content or data used in connection with, resulting from or derived from the use of information or reports provided by SPS.*

All materials in this presentation remain the intellectual property of Sutton Place Strategies. SPS grants a limited, personal, non-exclusive, non-transferable, revocable license to access, display, and use such reports and downloadable content for non-commercial purposes only. Any republication of Sutton Place Strategies' reports or downloadable content must include proper citation to SPS or be explicitly approved in writing by Sutton Place Strategies' authorized personnel prior to republication. All rights not specifically granted herein shall be reserved to SPS.

