

Europe-Focused Private Debt Fundraising Falls Sharply in 2016 YTD

Funds have secured \$17bn of investor capital in the year so far, significantly down on the \$33bn raised in 2015

The private debt industry in Europe has seen five consecutive years of annual fundraising increases since 2010, when funds raised \$6bn of investor capital. However, this pattern looks set to be broken in 2016, with the total capital raised so far reaching only half the total seen last year. While the number of funds closed so far this year (28) is not far off the 2015 total (37), the aggregate capital raised is well off the pace, with just \$17bn secured in 2016 YTD compared to \$33bn the previous year. Over recent years, Europe-focused fundraising had been trending towards matching North America; 2016, however, marks a move away from this, as 55 North America-focused funds have reached a final close raising \$27bn.

Direct lending represents the largest sector of the Europe-focused private debt market; however, the strategy has seen a notable downtick in the region through 2016 so far, with 11 funds raising \$6.3bn, compared to 17 funds that raised \$20bn in 2015. Conversely, although only three distressed debt funds have closed so far this year, they have raised a combined \$6bn, approaching the \$6.4bn secured the previous year. Some strategies, though, have surpassed the levels seen in 2015: special situations funds have secured \$1.4bn, up from \$0.6bn, while private debt funds of funds have raised \$0.8bn in 2016 YTD, up from \$0.7bn.

Other Key Private Debt Fundraising Facts:

- **Funds in Market by Strategy:** In total, 74 Europe-focused private debt funds are currently on the road, seeking a combined \$36bn. **Direct lending funds account for the majority of funds in market (53%) and capital targeted (52%),** with 39 funds seeking \$19bn.
- **Fundraising Momentum: The majority (58%) of Europe-focused private debt funds on the road have been marketing themselves for over a year.** Under a fifth (17%) of vehicles focused on the region have come to market in the past six months, and a further quarter have been on the road for the past 7-12 months.
- **Dry Powder:** Europe-focused private debt funds hold \$54bn in uncalled capital commitments as of October 2016. **This total represents a decrease from the levels recorded at the end of both 2015 (\$61bn) and 2014 (\$55bn).**
- **Largest Fund Managers:** Intermediate Capital is the largest Europe-based private debt fund manager **both in terms of capital raised in the past 10 years (\$18.7bn) and by estimated dry powder (\$9.1bn).** In Europe, six of the 10 largest firms by dry powder, and five of the top 10 firms by capital raised, are located in London.

To access further information and analysis, please see the full report below:

<https://www.preqin.com/docs/newsletters/pd/Preqin-Private-Debt-Spotlight-November-2016.pdf>

Comment:

“The European private debt industry has enjoyed substantial fundraising success in recent years, with many countries within the region seeing heightened alternative lending activity in the last decade. However, a notable decline in direct lending has contributed to a general slowdown in fundraising activity focused on Europe. It is unsurprising, given the intensely competitive fundraising landscape, that fund managers are having to work harder and spend longer marketing their funds, and the downturn in fundraising may act as a sign of a changing environment.

Following the recent regulatory and border currency changes in Europe, the coming years will be telling in measuring the impact on intercontinental private financing and the global debt market. However, for the time being, it seems Europe-focused private debt fundraising has a chance to finish off 2016 with strong figures, considering more than \$36bn is currently sought for opportunities in the region by funds in market.”

Ryan Flanders – Head of Private Debt Products, Preqin

Note to Editors:

- Preqin is spelled without the letter 'U' after the 'Q', the company name being an amalgamation of the former name, Private Equity Intelligence.

About Preqin:

Preqin is the leading source of information for the alternative assets industry, providing data and analysis via online databases, publications and bespoke data requests.

Preqin has built a reputation in the alternative assets industry for providing the most comprehensive and extensive information possible. Leading alternative assets professionals from around the world rely on Preqin's services daily, and its data and statistics are regularly quoted by the financial press. For more information, please visit: www.preqin.com

For more information, please contact: Ryan Flanders +1 646 376 7069 or rflanders@preqin.com

For general press enquiries, please contact: William Clarke +44 (0)20 3207 0265 or press@preqin.com