In Focus: Mezzanine

We provide an overview of the mezzanine fund landscape in 2015 and so far in 2016, including fundraising, fund managers and performance.

Fundraising in 2015

- **3%** Proportion of total private capital fundraising secured by mezzanine funds in 2015.
- **$20.1bn** Amount of capital raised by 40 mezzanine funds closed in 2015, the highest annual total since 2008.
- **$8bn** Value of the largest mezzanine fund closed in 2015, GS Mezzanine Partners VI.

Competition for Capital

- **69** Number of mezzanine funds in market, targeting $30.8bn.
- **106%** Average proportion of target size achieved by mezzanine funds closed in 2015.
- **$502mn** Average size of a mezzanine fund in 2015, rising from $310mn in 2014.
- **$6bn** Fundraising target of the largest mezzanine fund in market, GSO Capital Opportunities Fund III.
- **70%** Proportion of total mezzanine capital secured by the five largest funds closed in 2015.
- **18** Average number of months on the road for mezzanine funds closed in 2015, two months fewer than the previous year.

Fundraising Insight

- **$8bn** Value of the largest mezzanine fund closed in 2015, GS Mezzanine Partners VI.
- **23.6%** Proportion of aggregate capital raised
- **4.1%** Proportion of aggregate capital raised
- **6.8%** Proportion of aggregate capital raised
- **9.5%** Proportion of aggregate capital raised
- **9.3%** Proportion of aggregate capital raised
- **14.6%** Proportion of aggregate capital raised
- **5.1%** Proportion of aggregate capital raised
- **14.0%** Proportion of aggregate capital raised
- **1.4%** Proportion of aggregate capital raised
- **3.3%** Proportion of aggregate capital raised
- **4.0%** Proportion of aggregate capital raised
- **21.1%** Proportion of aggregate capital raised
- **1.6%** Proportion of aggregate capital raised
- **1.8%** Proportion of aggregate capital raised
- **0.1%** Proportion of aggregate capital raised
- **0.7%** Proportion of aggregate capital raised
- **0.4%** Proportion of aggregate capital raised
- **1.5%** Proportion of aggregate capital raised
- **0.5%** Proportion of aggregate capital raised
- **1.1%** Proportion of aggregate capital raised
- **1.6%** Proportion of aggregate capital raised
- **0.0%** Proportion of aggregate capital raised

Fig. 1: Annual Mezzanine Fundraising, 2008 - 2016 YTD (As at 16 May 2016)

Fig. 2: Annual Mezzanine Fundraising* by Primary Geographic Focus, 2008 - 2016 (As at 16 May 2016)

*Figures in Fig. 2 refer to aggregate capital raised ($bn).

Data Source:

Preqin’s Private Equity Online provides extensive information on over 690 mezzanine fund managers globally, plus details on 658 mezzanine funds closed historically.

For more information, or to arrange a demonstration, please visit:

www.preqin.com/privateequity
Fig. 3: Mezzanine Firms’ Industry Preferences for Underlying Investments

Fig. 4: Breakdown of Mezzanine Firms by Transaction Type Preference

Fig. 5: Five Largest Fund Managers by Aggregate Capital Raised for Mezzanine Funds in the Last 10 Years

Table: Five Largest Fund Managers by Aggregate Capital Raised and Estimated Dry Powder

<table>
<thead>
<tr>
<th>Firm</th>
<th>Total Mezzanine Capital Raised in Last 10 Years ($bn)</th>
<th>Total Estimated Mezzanine Dry Powder ($bn)</th>
<th>Headquarters</th>
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<td>Goldman Sachs</td>
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<td>Intermediate Capital Group</td>
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<td>Crescent Capital Group</td>
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<td>GSO Capital Partners</td>
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<td>Babson Capital Management</td>
<td>5.2</td>
<td>0.9</td>
<td>US</td>
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</table>

Fig. 6: Number of Firms Actively Managing Mezzanine Funds by Location

Table: Number of Firms Actively Managing Mezzanine Funds by Location

<table>
<thead>
<tr>
<th>Headquarters</th>
<th>No. of Firms</th>
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<tbody>
<tr>
<td>US</td>
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<td>Hong Kong</td>
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<tr>
<td>Japan</td>
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</tbody>
</table>

Fig. 7: Private Capital Risk/Return by Strategy (Vintage 2002-2012)

Data Source:

With unrivalled data and intelligence, Private Equity Online provides a 360° transparent view of all aspects of the asset class, including fund terms and conditions, fundraising, fund managers, institutional investors, fund performance, deals and exits, service providers and more.

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www.preqin.com/privateequity