Private Debt Intelligence – 11/25/2019

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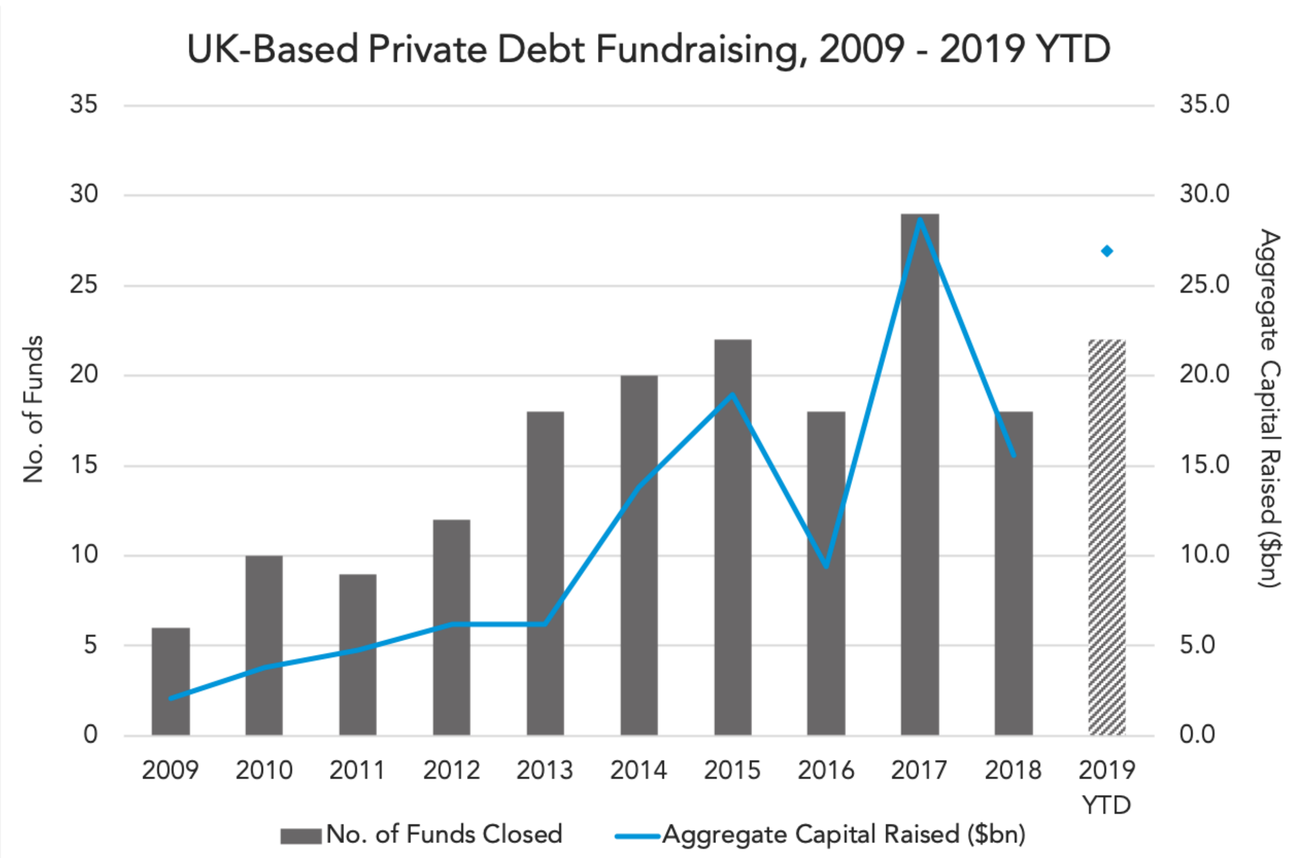
UK-Based Private Debt

Chart



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The UK-based private debt fundraising market saw a record 2017, with 29 funds closed raising an aggregate of almost $29bn in capital. The previous record year seen was 2015 with 22 funds securing $19bn, and so far this year there have been 22 funds closed and $27bn of capital secured.

As at November 2019, eight UK-based private debt mega funds have held a final close, securing $22bn, more than 80% of the total capital raised. The largest fund to have closed is the Direct Lending Fund III from Arcmont Asset Management, securing $6.8bn. The second largest fund would be very close in size to the first one – Alcentra European Direct Lending Fund III closed in July this year with a value of $6.1bn. Arcmont Asset Management also had a big weight in 2017 fundraising, closing the third largest fund in the year with a value of $3.3bn. In the last six years, they have closed five funds with an aggregate capital of almost $14bn.

As of November 2019, there are 48 UK-based private debt funds in market with an aggregate target of $38.9bn. Direct lending vehicles make up the largest portion of UK-based private debt funds in market: there are 25 direct lending vehicles looking to raise a total of $27bn. Special situations funds also make up a significant number of funds in market with 9 funds seeking $3.1bn, although, with just three funds in market, distressed debt funds are targeting $6bn. Additionally, there are six mezzanine funds with an aggregate target of £2.2bn and four venture debt vehicles seeking £0.7bn. The ICG Europe Mid-Market Fund would be the largest fund in market, with mezzanine as strategy, targeting $1.1bn.

Almost half of the funds in market have held an interim close, which makes them more favourable to have a final close by the end of the year. With just one month to reach the end of the year, 2019 could be a new record for UK-based private debt.

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