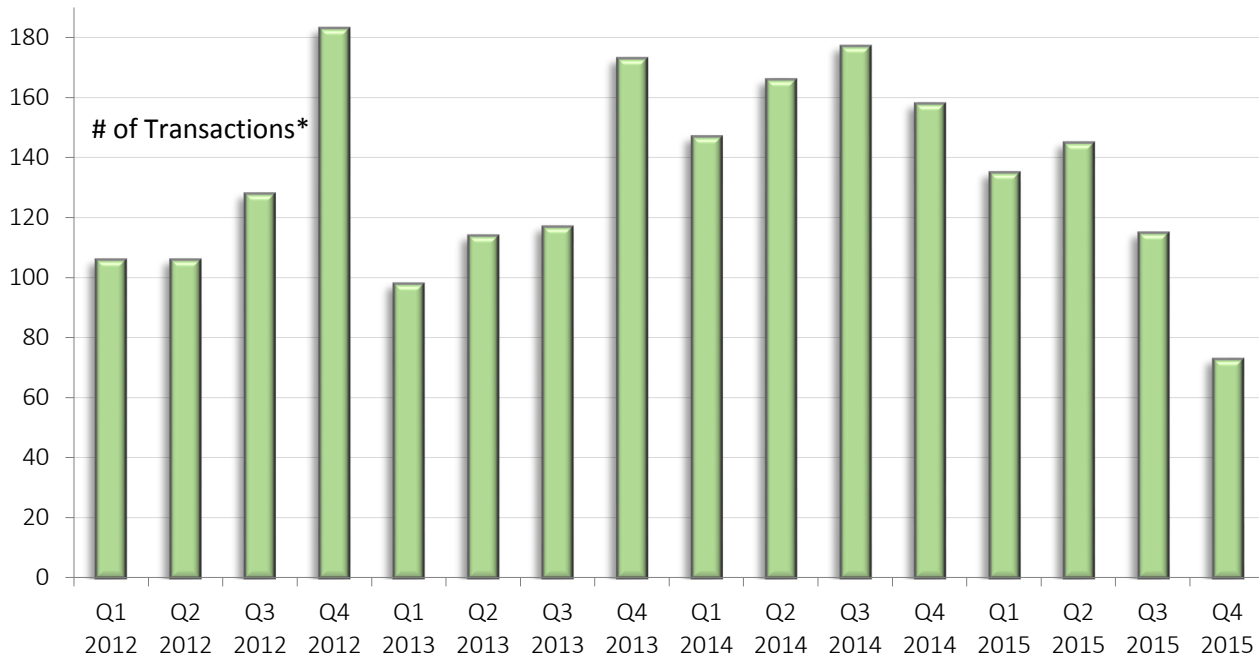


# Mezzanine Market Perspective



\*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.

## Breaking Down the Market

For the 12-month period ending September 2015, the number of completed mezzanine transactions was down 17% year-over-year, from 663 to **553**. This is not terribly surprising given 2014's record year, and as a comparison overall M&A was down 2% for the same period. In keeping with past trends, on average 10% of all private equity transactions had a mezzanine component to them. While at first glance volume for Q4 2015 appears to have weakened, the decrease is overstated given there is a lag in capturing the most current quarter's data, and the full picture is not yet clear.

## Notable Mezzanine Transactions

- **Argosy Capital ("Argosy")** completed two transactions in October, both of which included subordinated debt. The first was their acquisition, along with Headhaul Capital Partners, of Great Western Leasing and Sales, LLC ("GWLS"). Argosy invested equity and subordinated debt in the Fontana, CA provider of sales, financing, leasing and rental options for new and used trailers, as well as after-market trailer repair and maintenance. G2 Capital Advisors advised GWLS. Later in the month, Argosy also acquired AUC Group, L.P. ("AUC"), a Houston, TX-based manufacturer and installer of wastewater treatment facilities from Bow River Capital. Argosy partnered with **NewSpring Capital**, which provided subordinated debt and an equity co-investment. Community Banks of Colorado, a division of NBH Bank N.A., provided senior debt financing and Greene Holcomb & Fisher acted as the financial advisor to AUC.
- **Praesidian Capital** partnered with a subsidiary of **Kemper Corp.** to provide senior subordinated debt in support of the October acquisition of JD Beauty Group ("JD") by Topspin Partners. JD is a Hauppauge, NY manufacturer of branded, professional hairbrushes and accessories. Intrepid Investment Bankers advised JD on the sale to Topspin Partners.

## Notable Mezzanine Transactions (cont.)

- Also in October, **Hartford Investment Management Company (HIMCO)** and vehicles managed by **Siguler Guff & Company, LP** provided subordinated debt financing to support the recapitalization of Trachte, Inc. by Morgenthaler Private Equity. The Orgeon, WI manufacturer of preassembled and modularized control buildings was represented by Cleary Gull, and Alliance Partners LLC provided senior debt financing.
- In November, **FNB Capital Partners** provided mezzanine debt and equity financing to support the acquisition of Charlotte, NC-based Reagents, LLC (“Reagents”) by Burrell Scientific, LLC. Reagents manufactures and distributes customized laboratory chemicals and solutions. First Commonwealth Bank provided senior financing and Confluence Advisors represented Burrell Scientific, LLC.
- Financing for the November buyout of Halco Lighting Technologies (“Halco”) by Summer Street Capital Partners was provided by **New Canaan Funding** in the form of subordinated notes and equity. Previously a portfolio company of Lineage Capital, Halco manufactures lamps and ballasts for the commercial, industrial, residential and specialty lighting markets. The Atlanta, GA company and Lineage Capital were represented by Greene Holcomb & Fisher.
- The November closing of the H.I.G. Growth Partners-led recapitalization of Centerfield Media Holdings LLC (“Centerfield”) was supported with subordinated debt and equity from **RLJ Credit Management** and **Triangle Capital Corp.** Centerfield is based in El Segundo, CA and is a digital advertising technology company that is focused on real time biddable media. Kemper Corporate Services also participated in the transaction and Centerfield was advised by Petsky Prunier.
- North Branch Capital’s December acquisition of Circuit Check Inc. (“Circuit Check”) from Tonka Bay Equity Partners was financed with subordinated debt from **Midwest Mezzanine Funds** and **RGA Reinsurance Company**, as well as senior debt from the Private Bank. Located in Maple Grove, MN, Circuit Check manufactures test equipment for electronic goods.

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