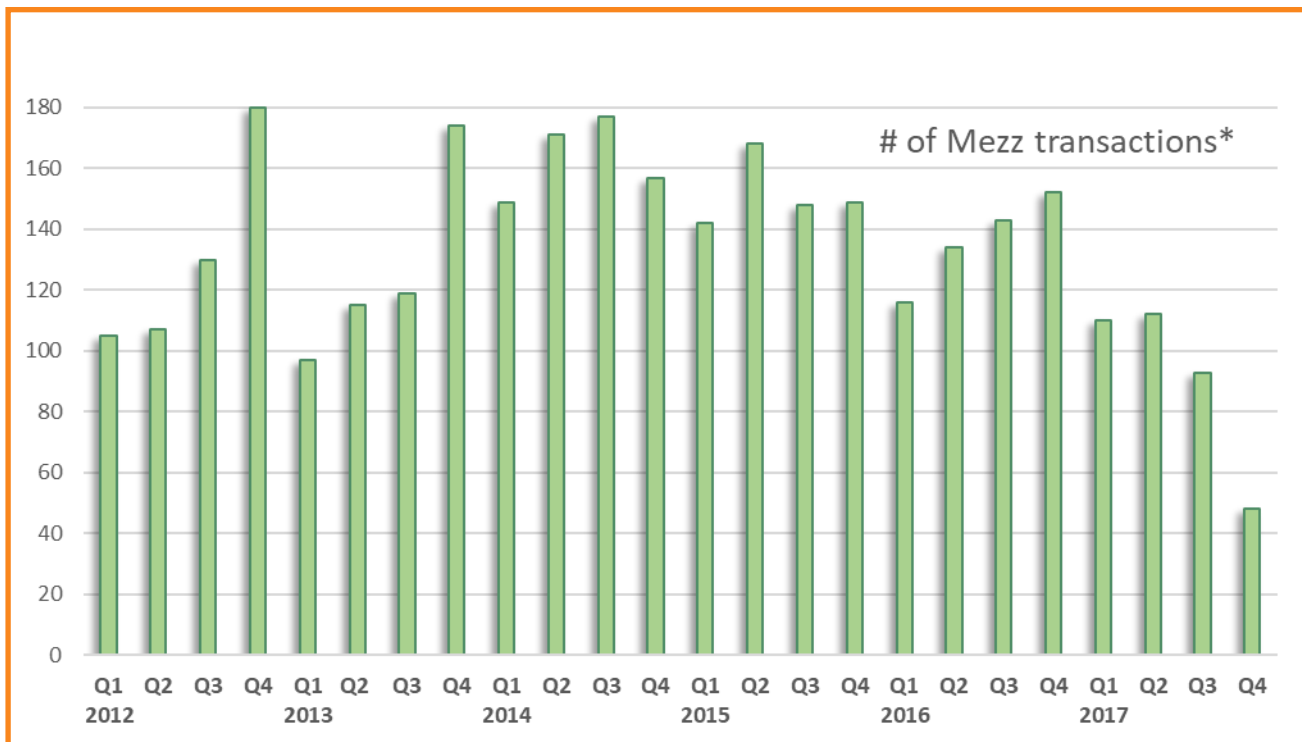


Breaking Down the Market

Mezzanine activity continues to decline as 2017 comes to an end. Comparing Q3 2016 with Q3 2017, transactions were down 35% from 143 to **93**. For the 12-month period ending September 2017, mezzanine activity was down 14% from 542 to **467**. There were **93** completed mezzanine transactions in the third quarter of 2017 and **65** (70%) involved a sponsor. Overall, **8.8%** of new platform private equity investments for this period had a mezzanine component, compared to 17.3% of new platform PE investments in Q3 2016. Finally, as an interesting aside, the **Industrial** sector was the most active for the quarter ending September 2017, followed by Healthcare, IT, and Food.



*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

- **GMB Mezzanine Capital** provided mezzanine debt for the acquisition of Certified Refrigeration and Mechanical, Inc. by Audax Group's portfolio company, CoolSys, in October of 2017. Certified Refrigeration and Mechanical is based in Madison, WI and services the refrigeration, food services, and HVAC equipment repair and maintenance industries.
- DAMAC Products LLC ("DAMAC") is based in La Mirada, CA and manufactures infrastructure solutions for the data center market. Private Equity firm, Littlejohn & Co. acquired DAMAC in December of 2017 with subordinated debt and equity provided by **Patriot Capital**. Founders Investment Banking acted as the sell-side advisor on this transaction.
- Landon Capital Partners acquired Comfort Mattress Co. in December of 2017 through its portfolio company, Blue Bell Mattress Company LLC. **Ironwood Capital** supported this transaction with mezzanine debt and equity financing. Mattress Co. is located in Roseville, MI.

Notable Mezzanine Transactions (cont.)

- **Praesidian Capital** supported Topspin Partners' acquisition of Remedy Health Media LLC with \$12.3M of mezzanine and equity co-investment. Remedy Health Media is located in New York and is a digital publisher and distributor of health magazines and videos. The transaction was completed in November of 2017.
- Miami based H.I.G. Growth Partners acquired Carlton Group Ltd. (nka Carlton One Engagement) ("Carlton") in December of 2017. Carlton is based in Richmond Hill, Canada and offers administrative solutions to address employee incentive and reward programs. **Alcentra Capital** provided debt on this transaction and Petsky Prunier advised on this deal.
- At the end of 2017, **Northstar Capital** provided mezzanine debt and equity investments for two transactions. The first transaction included \$10.2M for the acquisition of Monroe Engineering Holdings, LLC, a distributor of niche industrial hardware products, by Shoreview Industries. Robert W. Baird acted as the sell-side advisor. The second transaction included \$15M for the acquisition of GCR, Inc., a data management firm located in Michigan, by Hammond, Kennedy, Whitney & Co. The sell-side advisor on this transaction was Quarton International.
- In December of 2017, **Seacoast Capital** provided Legal Sea Foods with subordinated debt financing. Legal Sea Foods is an upscale seafood chain restaurant based in Boston, MA. Rockland Trust provided senior debt for this financing. The sell-side advisor for the transaction was Dunn Rush & Co.
- Gautier Steel Ltd, headquartered in Johnstown, PA, initiated its Employee Stock Ownership Plan ("ESOP") buyout with \$12M in subordinated debt provided by **Mosaic Capital Partners**. Gautier is a niche producer of steel products. The transaction was completed in November of 2017 and was intermediated by Signet Capital Advisors.

For additional information or general inquiries, contact:

CATHERINE DALY

212-376-6126

cdaly@suttonplacestrategies.com

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