



BAIN &amp; COMPANY

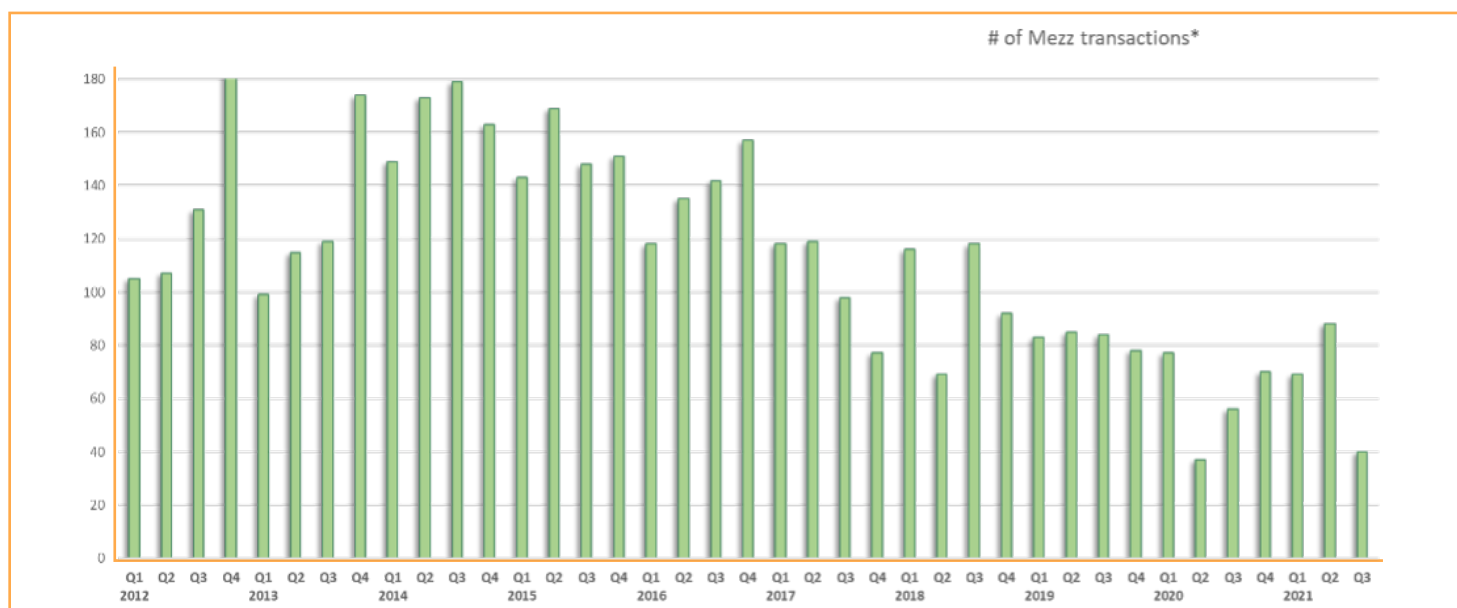
# Sutton Place Strategies

## Mezzanine Market Perspective

### Q3 2021

### BREAKING DOWN THE MARKET

Mezzanine activity for the LTM period ending June 30th increased just under **3%** YoY from **276** deals to **283** deals. Compared to the previous quarter (Q1 2021), deals including mezzanine debt increased from **69** to **88** in Q2 2021. Although mezzanine deal activity increased, there was a slight decline in private equity deal volume, which decreased from **1,372** deals in Q1 2021 to **1,361** deals in Q2 2021. Out of the **88** mezzanine deals that closed in Q2 2021, **41** deals were sponsored buyouts, **20** were minority financings, **25** were sponsor-backed add-ons, and **2** were recapitalizations. The most common industries in total M&A activity for the quarter were **Services**, **IT**, **Healthcare**, and **Financial**, respectively.



\*closed mezzanine investments of \$3 MM and greater with the target located in the U.S. and Canada. Includes unitranchise and senior secured financings with pricing or other features similar to mezzanine.

### NOTABLE MEZZANINE TRANSACTIONS

In July, **Farragut Capital Partners** provided mezzanine debt and an equity co-investment to support the acquisition of **Accurate Fabrication LLC**, a provider of precision metal fabrication services, by **Broadgate Capital** and **ZJM Equity**. **Mcguirewoods** served as legal advisor to the buyer group.

In August, **GMB Mezzanine Capital** provided subordinated debt to support the buyout of Corporate Visions Inc., a provider of sales, marketing, and customer success messaging, content tools, and IP-based training solutions to B2B companies, by **The Riverside Company**. **Houlihan Lokey** acted as financial advisor to Corporate Visions and their previous sponsor **Sentinel Capital Partners**. **Jones Day** represented The Riverside Company in their acquisition.

## NOTABLE MEZZANINE TRANSACTIONS (CONT.)

In September, **Caltius Structured Capital** supported the management buyout of **Profitable Ideas Exchange**, a provider of business development services for consulting and professional services firms, with mezzanine debt and an equity investment. **Alexander Hutton** was the financial advisor and **FarPoint Venture Law** was the legal advisor to Profitable Ideas Exchange.

**Peninsula Capital Partners** provided subordinated debt and equity in support of the management buyout of **Escapology**, a franchisor and operator of escape room venues, in July. **RubinBrown** and **Foley & Lardner** provided buy-side legal advisory services on the acquisition.

**Patriot Capital** provided subordinated debt and equity to **Teeny Foods**, a developer and contract manufacturer of frozen bakery snacks and handheld foods, to support their acquisition by **Centergate Capital** in August. **City Capital Advisors** acted as financial advisor to Teeny Foods on the transaction, and **McDermott Will & Emery** acted as legal counsel for Centergate Capital.

**First Capital Partners** provided subordinated debt to **NeoSystems Corp.**, a provider of outsourced managed services, to support their acquisition by **High Street Capital** and **Ardent Investors** in September. **KPMG Corporate Finance** acted as financial advisor for Neosystems Corp.

Also in September, **NewSpring Mezzanine** invested subordinated debt and equity to support the acquisition of **Joneca Corp.**, a supplier of garbage disposals and residential kitchen products, by **Lightspring Capital Partners**. **Mentor Securities** acted as financial advisor for Joneca Corp.

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