

PRIVATE CAPITAL MARKETS UPDATE – HEARD ON THE STREET

In light of recent market volatility, Bridgepoint is providing another real time update of what we are hearing from our close capital markets relationships

“Our firm is “open for business.” We are actively putting money to work and we are eager to help plug liquidity gaps as the public and private markets continue their instability.” – *Private Credit / Structured Equity Fund*

“Currently, we are not seeing any material effects to our properties, operations or cash flows, but there have been material reductions in our interest expense for assets with floating rate debt which will help our cash flows. As is common in all funds, some individual assets are distributing less than planned and some are distributing more than planned. We do not expect to reduce any of the quarterly distribution rates in any of our funds at this time. We are in the process of refinancing some assets to capture the low interests, which will be beneficial to the overall cash flow of our funds.” – *Private Real Estate Fund*

“Have been seeing some pull back from senior banks but junior capital is business as usual. Stimulus package might help with volatility. Liquidity didn’t dry up but there’s a little bit of wait and see approach in the market. We are not slowing down and hoping to pick up some deals while others are waiting.” – *Private Debt Fund*

“Regarding the general market, we are focusing energy on helping portfolio companies deal with coronavirus issues like supply chain and expense control. Our focus area continues to be defensive growth companies not tied to seasonality/cyclicality, so the health scare isn’t as likely to affect their targets. Regarding sponsor finance, we see lenders requiring more frequent and more thorough communication of their CFO’s, but haven’t seen a tangible tightening of credit yet.” – *Private Equity Fund*

“We went into this year with a bunch of companies that were under LOI for M&A, with both public company buyers and private equity buyers. As I watch these buyers’ stock prices get hammered, my worry is that people are going to try to retrade.” – *Venture Capital Fund*

“I think we are entering a war time economy. Flight to mission critical businesses – anything that was on edge before from a discretionary standpoint – business or consumer – is not investable. I am seeing some massive employee / S&M cuts. I think companies will need to cut deep to make it through.” – *Private Debt Fund*

“Seeing clients draw down their lines of credit and express concerns about liquidity. People are still pushing to get transactions done, but this seems to get more difficult by the day.” – *M&A Attorney*

“While we have taken the necessary precautions regarding the Coronavirus, we are still evaluating new deals – both on the equity and debt side.” – *Private Equity Fund*

“We would love to look at any broken deals or stressed deals you are working with. We continue to be active on the ABL front, energy deals, etc...” – *Money Center Bank*

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Currently, in the U.S. we are seeing mixed levels of activity for transactions given the uncertainty in the public markets and related to the macro outlook. The reality is delays and re-pricing are likely over the near-term on many deals in the M&A market, and the extent, if any, relates to sector and quality of business. We’re continuing to receive bids on companies, closed another transaction today, and deal processes are largely pushing forward albeit with some hesitation. We’re open for business and, particularly on the capital side of our business, provide capital solutions throughout the capital structure which only will be more important to bolster liquidity for our clients over the near-term. We’re seeing leading, proactive companies and boards accelerate their capital plans and processes with us during this time and providing capital and solutions to others in a pinch.

*Matt Plooster, Managing Director
Bridgepoint Investment Banking*

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Current Private Lender Pricing

(LIBOR +)

