

Proskauer» For Success. For Progress. For Good.

The Private Credit Group

The Experience to Pioneer

Business Building.
Strategic Partnering.
Award Winning.
Precedent Setting.
Inherently Innovating.
Forward Thinking.
Reputation Enhancing.
Deal Closing.
Boundary Breaking.
Problem Solving.
Trusted Advising.
Data Mining.
Community Supporting.
Team Playing.
Progress Making.
Service Delivering.

Proskauer at a Glance

Proskauer is a global law firm with a more than 140-year history and a strong dedication to providing the highest quality legal services while maintaining our commitment to a diverse work environment and the community at large.



A Reputation for Excellence



Our Unique Culture

- Specialists in Complexity
- A Vibrant, Entrepreneurial Spirit and a Diverse and Inclusive Workplace
- Extensive Resources
- Strength of Industry Knowledge
- Thought Leaders
- A Tradition of Excellence



Our Elite Practices

- M&A
- Finance
- Private Credit
- IP & Tech Transactions
- Investment Funds
- Tax
- Labor & Employment
- Private Client Services
- Bankruptcy & Restructuring



Our Key Industries

- Asset Management
- Technology & Media
- Entertainment
- Sports
- Hospitality, Gaming & Leisure
- Healthcare & Life Sciences
- Private Equity
- Real Estate
- Retail

Our Awards

- ★ 54 Top Tier Practices and 118 Lawyers Ranked, *Chambers & Partners Guide To The Legal Profession*
- ★ One of the Most Innovative & Most Digital Law Firms, *The Financial Times*
- ★ Dealmaker of the Year, *The American Lawyer*
- ★ Law Firm of the Year in Fund Structuring, *Unquote Private Equity Awards*
- ★ Practice Group of the Year for Asset Management, Sports and Hospitality, *Law360*
- ★ *Hollywood Reporter* Power Lawyers and Variety Elite Dealmakers
- ★ Pro Bono Hot List, *National Law Journal*
- ★ Best Place to Work, Human Rights Campaign's Corporate Equality Index
- ★ Law Firm Diversity Champion Award, *Facebook*

Proskauer has more than 800 lawyers across 12 offices worldwide. In addition to our headquarters in New York, we have offices in Los Angeles, Boston, London, Chicago, Washington, D.C., Paris, Hong Kong, Beijing, São Paulo, New Orleans and Boca Raton. We are laser-focused on delivering outstanding client service.

We work across borders with companies at all stages in their development and growth, including technology and media companies, major sports leagues, entertainment industry legends, asset managers, private equity and venture capital firms, Fortune 500 and FTSE companies, and other industry-redefining companies.

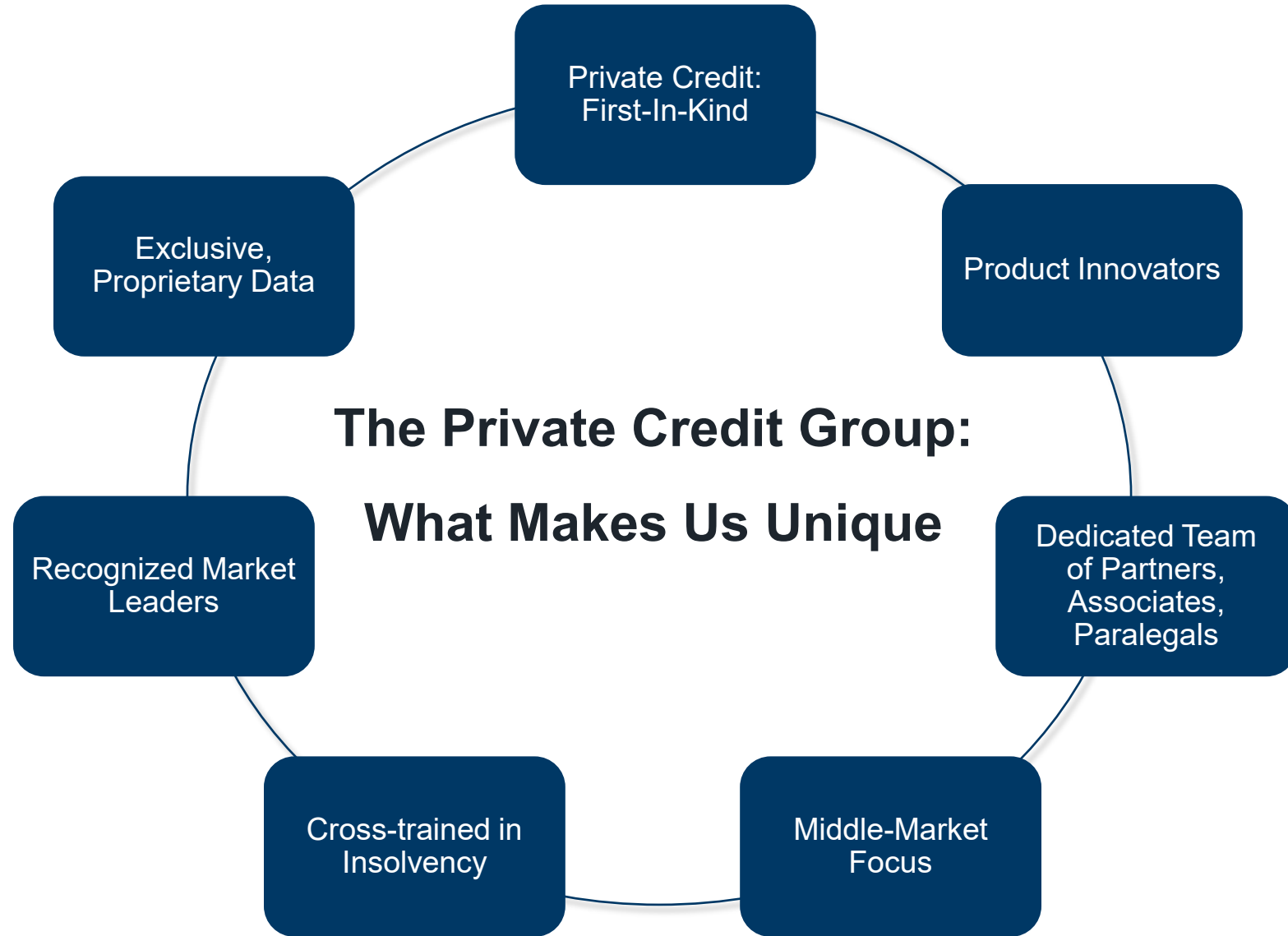


Selected Core Practice Areas

- Private Credit
- Private Investment Funds
- Capital Markets
- Health Care
- Broker-Dealer
- Intellectual Property
- Privacy & Data Security
- Entertainment
- Lodging & Gaming
- Labor & Employment
- Real Estate
- Sports
- Hedge Funds
- Insolvency
- ERISA Litigation
- Securities Litigation



The Private Credit Group



First to Represent Providers of Private Credit Exclusively

The Private Credit Group at Proskauer was created in 2004 in the United States and expanded to Europe in 2011.

Our technical strength, combined with our expansive experience, makes us the firm of choice for first-in-kind transactions.

We are exclusively dedicated to private credit investors, representing credit funds, business development companies and other direct lending funds in connection with “clubbed” and syndicated credits, preferred equity, special situations and alternative investments.



250+ deals
closed in 2022
with a total
value of nearly
\$85 billion

**75+
clients**
with \$2.0 trillion+ in
assets under
management

Team of
**over 90
professionals**
in the U.S. and UK

Dedicated Team of Partners, Associates, Paralegals

Our Private Credit team currently consists of over 90 dedicated professionals:

- 24 partners, six special finance counsel, one senior practice attorney, one staff attorney, 51 associates, seven paralegals/law clerks and one analyst in U.S. and London,* who are:
 - experienced in U.S. and Europe-centric transactions, as well as North American and European cross-border transactions;
 - capable of managing numerous “trees” simultaneously, with independent partner level leadership and associate support;
 - highly trained associates who know the industry and the particularities of each client; and
 - supported by lawyers from ancillary practices, such as tax, equity, insolvency, funds and regulatory, who work closely with our clients and, therefore, get to know their fund structures, investment strategy and deal structures.

****U.S. Private Credit lawyers are located in New York, Boston, Chicago and Los Angeles***

Representative Private Credit Clients

 ALLIANCEBERNSTEIN	 Antares Capital	 APOLLO INVESTMENT CORPORATION	 Arcmont ASSET MANAGEMENT		 BainCapital CREDIT	 BNY MELLON	 BARINGS
BLACKROCK		 BLUE TORCH CAPITAL	 THE CARLYLE GROUP	 Centerbridge	 CHURCHILL from nuveen	 CRESCENT	 FORTRESS
	 GOLUB CAPITAL	 GUGGENHEIM	 HARBOURVEST	 HPS	 ICG	 KKR	 midcap FINANCIAL LLC
 MONROE CAPITAL	Morgan Stanley	 Muxinich & Co	 NEUBERGER BERMAN	 NMF NEW MOUNTAIN FINANCE CORPORATION	 Northleaf Capital Partners	 OAKTREE	 OWL ROCK CAPITAL PARTNERS
 PORTFOLIO ADVISORS LLC	 PROSPECT CAPITAL	 SIXTH STREET	 THAYER STREET PARTNERS	 THOMABRAVO	 UBS	 WHITEHORSE CAPITAL	 VARAGON CAPITAL PARTNERS

Representative Deal Experience



Senior Secured Credit Facility

USD 1,800,000,000



Unitranche Credit Facility

GBP 1,875,000,000



Senior Secured Credit Facility

USD 210,000,000



Senior Secured Credit Facility

USD 115,000,000



Unitranche Credit Facility

USD 290,000,000



Senior Secured Credit Facility

USD 605,000,000



Senior Secured Credit Facility

USD 185,000,000



Senior Secured Credit Facility

USD 125,000,000



Second Lien Credit Facility

USD 360,000,000



Senior Secured Credit Facility

USD 520,000,000

Representative Deal Experience



Split Collateral Facility

USD 250,000,000



Unitranche Credit Facility

USD 142,000,000



Second Lien Credit Facility

USD 125,000,000



Senior Secured Credit Facility

USD 225,000,000



Unitranche Credit Facility

USD 300,000,000



Senior Secured Credit Facility

USD 865,000,000



Senior Secured Credit Facility

USD 100,000,000



Senior Secured Credit Facility

USD 170,000,000



Senior Secured Credit Facility

USD 275,000,000



Senior Secured Credit Facility

USD 100,000,000

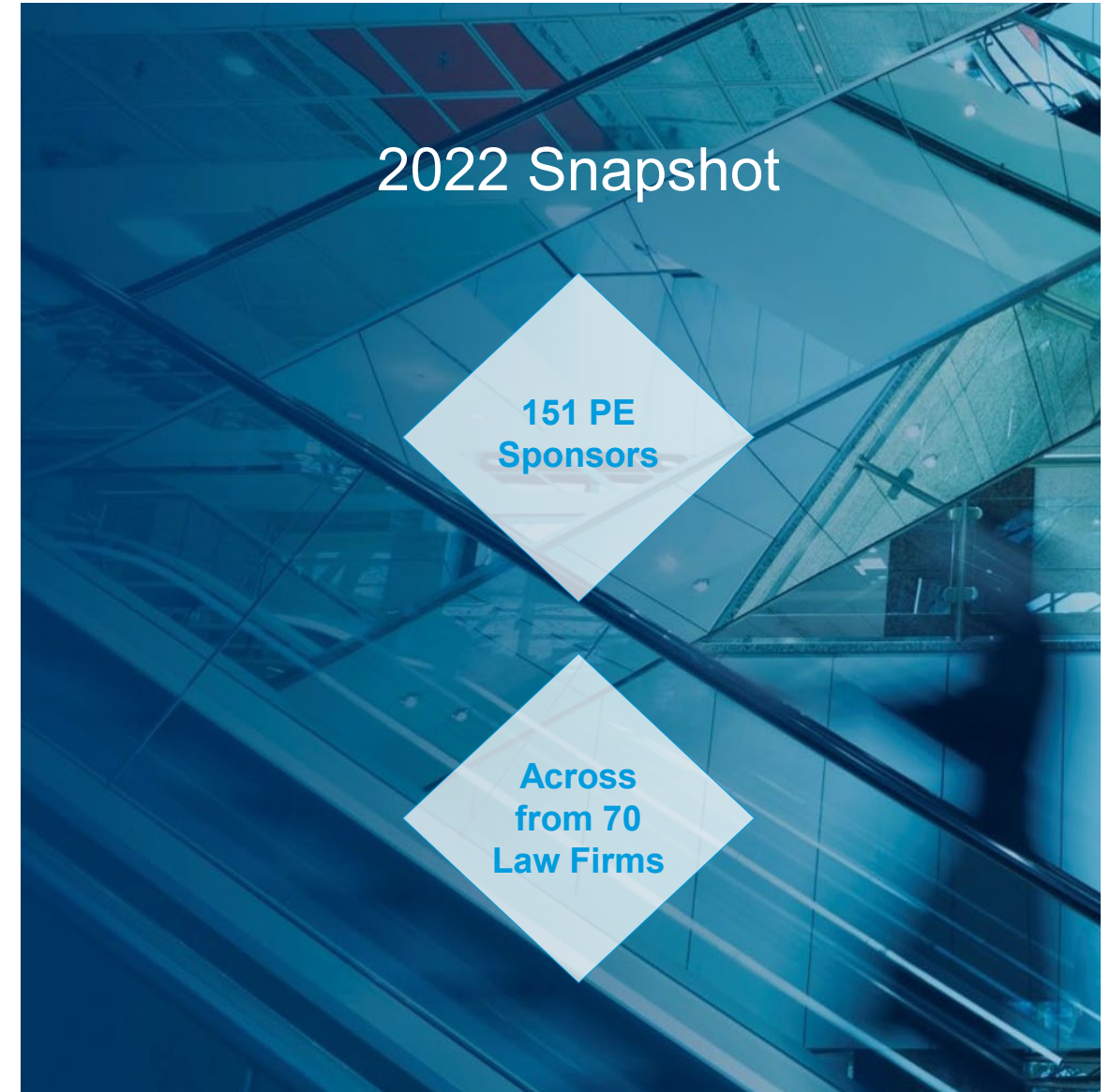
Wide-Ranging Market Expertise

Our focus is direct lending:

- \$25MM-\$250MM+ EBITDA companies
- Our clients have diverse investment strategies, including asset-based loans, senior secured, second lien, mezzanine, unitranche, “debt-like” preferred, convertible preferred, special situations and distressed investments

Our leadership in the market gives us a unique, current and well-informed perspective

We have *significant* experience (and precedent) with virtually *all* major sponsors and their counsel, which can facilitate a smooth and efficient closing process



CHAMBERS AND PARTNERS

Banking & Finance (Nationwide)

Leading practice

Banking & Finance (New York)

Leading practice; 3 lawyers recognized

Banking & Finance (California)

Leading practice; 2 lawyers recognized

Banking & Finance (Massachusetts) – Band 1

Leading practice; 4 lawyers recognized

Banking & Finance: Lenders (London) – Band 1

Leading practice; 4 lawyers recognized



Finance – Commercial Lending
Leading practice; 7 lawyers recognized

Finance – Restructuring
Leading practice; 9 lawyers recognized

Rankings and Recognition

“Proskauer Rose is fantastic; they do a ton of work in direct lending and have a tremendous team.”

“Proskauer Rose has a really effective bench of people and will always provide someone who is skilled, whether it be a partner or an associate.”

- Chambers USA 2023, Banking and Finance

“They are highly experienced in upper mid-market transactions and private credit market terms.”

- Chambers UK 2023, Banking and Finance

**Private Debt
Investor**

AWARDS 2022

*Shortlisted – Private Debt
Investor Law Firm of the Year*



*Tier 1 – Nationwide:
Banking and Finance*



FINANCIAL
TIMES

*Shortlisted – Financial Times
Most Innovative North American
Law Firm, Business of Law*

LOS ANGELES
BUSINESS JOURNAL

*Most Influential Women
Lawyers: Sandra Montgomery*

Private Credit Restructuring Group

Our Private Credit Restructuring Group focuses exclusively on representing credit funds, business development companies and other direct lending funds in the restructuring of “clubbed” and syndicated credits and preferred equity investments

We have a long history of delivering highly responsive, creative and successful solutions to maximize loan portfolio recoveries

We know the issues that matter, and have a deep understanding of the relevant documentation — most particularly, the critical nuances in various iterations of “liability management strategies” — and how these issues can materially affect the design and implementation of restructuring strategies

100+
restructurings
handled over the
last decade, involving
\$1 trillion of funded debt.

35
workouts/
restructurings
involving over
\$6.5 billion
successfully managed
in 2022 alone

90+
insolvency
and transactional
lawyers

*“Offers a wealth of
experience with creditor
representation, and also
provides counsel to
distressed companies.”*

- Chambers USA 2022,
Bankruptcy/Restructuring



“Law Firm of the Year” Awards

Bankruptcy and Creditor Debtor
Rights / Insolvency and
Reorganization Law

Ad Hoc Group and Creditor Representative Engagements



Group of private credit lenders (Arbour Lane, Carlyle, Blackrock, FS/KKR) holding secured claims in excess of \$400 million in their capacity as prepetition lenders and DIP lenders in the chapter 11 cases of **Sungard AS New Holdings, LLC**, an international provider of information technology services. We achieved entry of an interim DIP order at the first day hearing immediately following the commencement of the bankruptcy where the court granted all requested relief, including the repayment of \$7 million in pre-bankruptcy bridge funding provided by members of the ad hoc group. The lenders have successfully squared up these cases to provide funding for the Company to run a fulsome sales process and achieve the highest price for the benefit of all of the Company's stakeholders.



Group of private creditors lenders (including Alliance Bernstein, Prudential Insurance, Goldman Sachs) holding secured claims in excess of \$300 million in their capacity as prepetition lenders, DIP lenders and stalking horse credit-bidding buyer in the chapter 11 case of **Nine Point Energy Holdings, Inc.** The lenders successfully purchased Nine Point's assets. Nine Point is an independent oil and gas exploration and production company focused on development of shale oil and natural gas resources in the Williston Basin of North Dakota and Montana.



MidCap Financial Trust (an entity managed by Apollo Capital Management) as prepetition first lien agent with a claim of roughly \$75 million, DIP lender and stalking horse credit-bidding buyer in the chapter 11 case of **Paper Source, Inc.**, a leading lifestyle brand and retailer of premium paper products and related gifts. MidCap decided to pivot from a credit bid acquisition to a sale to an affiliate of Barnes & Noble. Under the chapter 11 sale, MidCap received a combination of cash and new debt allowing it to achieve a par recovery.



Fortress Credit Corp (an entity managed by Fortress Investment Group) as prepetition first lien agent with a claim of roughly \$110 million, DIP lender and stalking horse credit-bidding purchaser in the chapter 11 case of **Alamo Drafthouse Cinemas LLC**. Fortress teamed with Alamo's equity sponsor to acquire the company through a 363 sale, and purchasing the existing 1L debt while simultaneously negotiating an RSA among Fortress and the sponsor (not the company), establishing the capital commitments and structure for the purchaser entity. A separate RSA was then negotiated with the company, followed by negotiations for DIP Financing and APA. After the bankruptcy cases were commenced, we reached a global settlement with the creditors committee and negotiated a resolution of sale objections by Alamo's franchisees which represent a substantial portion of its screens across the country.

Exclusive, Proprietary Databases

We maintain two proprietary databases which give our clients a unique edge:

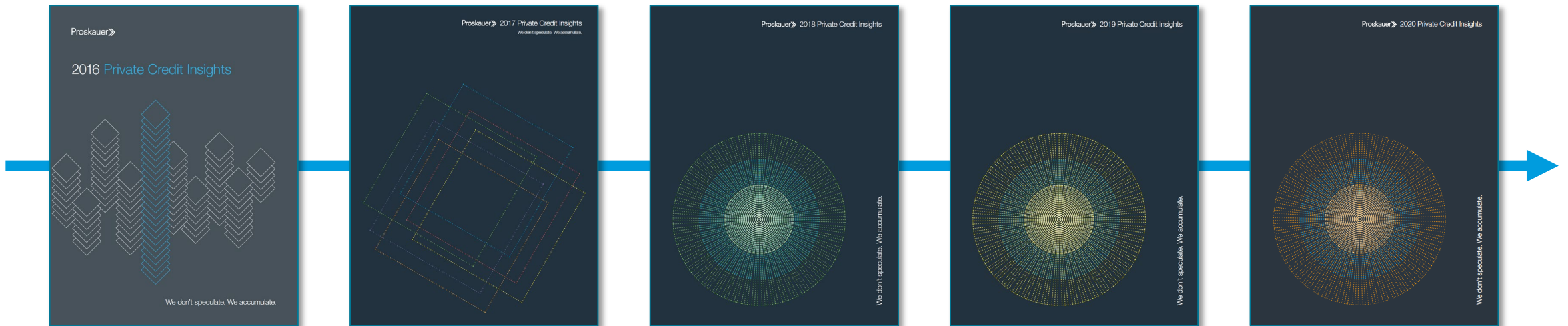
Deal Data: We developed a unique, proprietary database to identify trends in the market. The data includes 200+ searchable terms (such as pricing, leverage, EBITDA, cushions and baskets) across various product lines. Our data provides our clients with real-time intelligence on the state of the credit markets

Intercreditor/AAL: We maintain a proprietary database of intercreditor and AAL terms developed and populated over the last 15 years so that today we have hundreds of intercreditors and AALs which are searchable by key terms such as lenders, law firm, and type of transaction structure

Private Credit Insights

The Private Credit Group offers tools that provide unique data to our clients, including our Private Credit Insights annual report

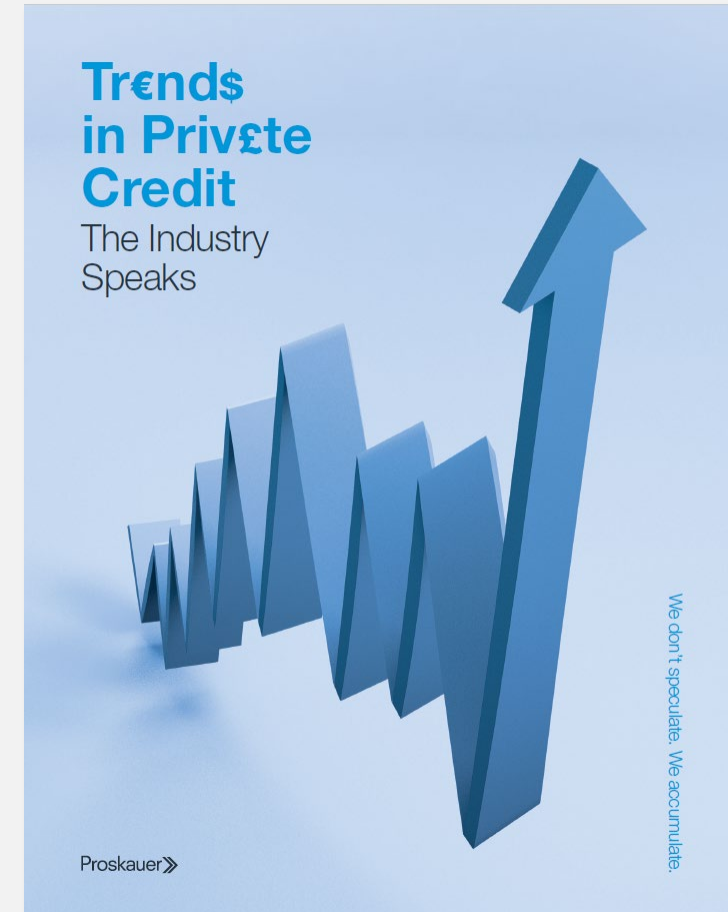
Since 2012, this annual report contains a distinctive in-depth analysis of deal terms contained in the numerous transactions that our firm completed for its direct lending clients during the year



Private Credit Market Survey

Since our inaugural market survey in 2017, our annual survey has been a part of ongoing efforts to help clients understand the latest trends in the private credit markets

Top lending institutions respond to the benchmarking survey, and in conjunction with our deal data, this report provides keen insight into market conditions and forecasts for the year ahead



Private Credit Default Index

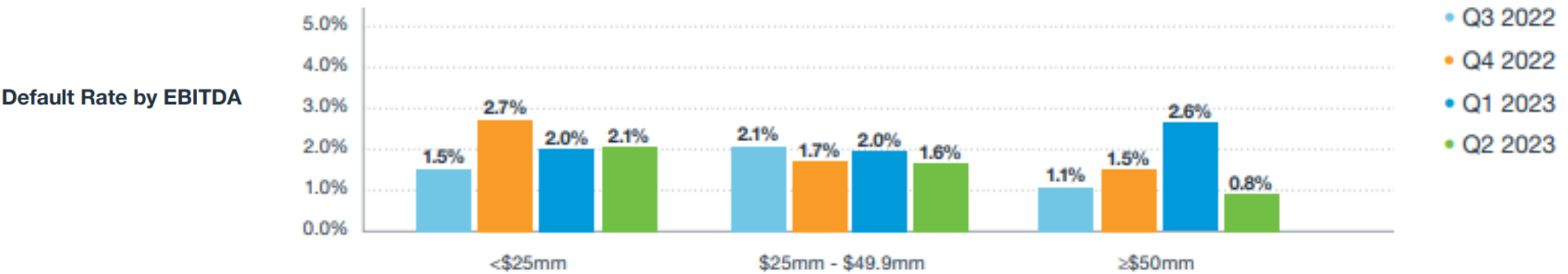
We also offer clients a Private Credit Default Index, which tracks, on a quarterly basis, the default rates of senior secured and unitranche loans.

Q2 2023 Default Rate

The overall default rate was 1.64%, a significant decrease from 2.15% in Q1 2023. This decline is notable after witnessing two consecutive quarters where the default rate increased. In June 2023, Fitch reported a 2.9% default rate for the leveraged loan market. In May, Fitch increased the 2023 leveraged loan default rate forecast from 2.5%-3.0% to 4.0%-4.5%. S&P Global Ratings anticipates default rates to reach 3.75% by September 2023.

Companies with EBITDA at the time of origination greater than \$50mm had a default rate of 0.8%, a significant decrease from 2.6% in Q1 2023.

Proskauer Default Index	
# of Loans	977
Total Value	\$144.9 billion
AVG EBITDA	\$42.6 million
Default Rate	1.64%



Market Leading Content and Training



Annual Private Credit Summit

Our annual Private Credit Summit brings together leaders in the Private Credit industry, including lenders, private equity firms, corporate executives, advisors and investors

In 2022, we welcomed approximately 200 clients, colleagues and industry experts to our office for our third annual Private Credit Summit. The event marked the Summit's long-awaited return to an in-person format and offered stakeholders across the industry an opportunity to hear from leaders in the space and network with their peers.

Over the course of the day, speakers from the private credit, private equity, restructuring and legal industries discussed the latest trends in the market and shared their outlook for growth in this rapidly changing and highly uncertain environment.

Session topics included:

- State of the Market: The Industry Speaks
- Developing Your Credit Platform: What Makes Sense For Your Organization and Your Target Investors?
- Private Credit Restructuring: Turbulent Times Ahead?
- State of the Market: The PE Perspective



Leading Market Commentary and Thought Leadership

In addition to our detailed reports and surveys, our Private Credit partners contribute to numerous client alerts, interviews and thought leadership.

Institutional Investor

Stephen Boyko, co-chair of Proskauer's corporate department and private credit group, described competition for deals as fierce, but he said managers are showing caution. Proskauer's survey covered what's driving deal flow and challenges, as well as expectations for interest rates, pricing, and defaults. Earlier this year the law firm also analyzed available data on private credit deal terms.

"The results show that the vast majority of respondents want financial covenants," Boyko told *II*. "Direct lenders are drawing the line. They'll give flexibility when it comes to such things as acquisitions or debt occurrence, but they want the financial covenants. Those are still present."



Proskauer Client Alerts

A Game of Survivor: Private Credit Restructuring Year in Review

LIBOR Update: IBA Announcement Expected

Navigating the Club in Private Credit Deals

S&P Global

Market Intelligence

In another trend in the COVID-19 era, "private equity firms, in an effort to provide greater certainty to sellers and meet tight timeframes, are increasingly willing to provide full equity commitments for the entire purchase price prior to arranging financing," said Gary Creem, part of Proskauer's private credit and finance groups.

Proskauer University

Proskauer University is designed to provide our clients with the foundational building blocks for private credit lenders. Our current series covers must-know fundamentals, trends, and the techniques for learning to spot and avoid basic traps – all of which is necessary for being an effective underwriter.

1 Introduction to Private Credit: Structure, Documents, and Deal Process

In this session, we'll discuss the layer cake of capital, keys to understanding corporate structure and the impact on underwriting, important documentary provisions and how they interact, and the practical steps in closing a loan.

2 Leverage Ratios: Definitional Fundamentals and Pitfalls

In this session, we'll discuss how key definitions of net income, EBITDA and related financial covenant definitions work, and some common ways in which how they can be manipulated.

3 So You Thought You Were First?

In this session, we'll discuss how loan documents may permit the company to take on more debt. This session will help you spot some key provisions so you're not surprised later!

4 Leakage: Plug The Holes BEFORE The Flood

You've heard the term "leakage" and that it's best to avoid it, but what does it mean, and how can you spot the holes? In this session, you'll learn how certain covenants interact and about certain traps in credit documentation so you can spot and plug the holes before a problem arises.

5 Structural Risks: Sneaky Shenanigans

It's all good, until it's not. You've read about J.Crew; Chewy, Serta, Boardriders, and other cases. But there are a myriad of other less obvious risks embedded in documentation. In this session, you'll learn how to focus on certain key structural considerations and credit agreement provisions.

6 Key Market Terms and Commitment Letter Basics

In this session, we'll begin to explore current key market terms and commitment letter basics for application in negotiations. Sessions 1-5 are foundational to this discussion.

7 Practical Exercise: Tricks to Quickly Spot Issues in Financing Grids

Financing grids can be intimidating. In this practice session, we'll walk through an actual financing grid and discuss how to spot issues, and discuss what are "market" considerations. Sessions 1-6 are foundational to this session.



Client Trainings and Seminars

In addition to our detailed reports and summits, our partners offer bespoke client trainings and seminars on topics including, but not limited to:

1 Private Credit Insights 2022

As a valued client of the Private Credit Group, we are pleased to share the results of the proprietary analysis of private credit deal terms for 2022. This includes a review of historical results and current trends in more than 250 private credit transactions in which Proskauer was involved in 2022, including pricing, call protection and leverage, among many others.

2 Liability Management Transactions” (a.k.a. Documentary Shenanigans)

What can borrowers do with, or without, the consent of lenders? This session addresses the question through the lens of five specific real life examples.

3 Diagnosing Distress: Top 5 Challenges for Private Credit Lenders in Health Care Restructurings

When financial distress afflicts one of its borrowers, private credit lenders must act quickly to maximize the prospects for recovering their capital. In this session, we discuss five of the most significant challenges for private credit lenders in addressing a distressed health care borrower.

4 Independent Directors: What Private Credit Lenders Need to Know

The appointment of an independent director is a powerful tool for private credit lenders. The tool, however, must be skillfully deployed because it can boomerang into lender liability when deployed improperly. In this session, we discuss: (1) the value of the tool, (2) when to use it, (3) the risks of using it and (4) practical guidance.

5 Liability Management – Vaccine or Pandemic? Private Credit Restructuring Year in Review

We reflect on the prior year for restructuring trends impacting private credit lenders. 2022 was all about “liability management”—the latest trend in which the limits of sponsor-favorable loan documents are being tested, in some cases past the breaking point.

6 LIBOR Transition Update

This LIBOR transition update provides a recap of recent trends and reflects new developments on the eve of LIBOR transition for banks, including new SOFR issuance by private credit lenders and context around “spread adjustments.” We actively monitor LIBOR transition developments and continue to provide pertinent updates.



Global Team & Presence



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Yihan (Alex) She
Alexandra Stanley
Sarah Suh
Andrew Surgey
Meghna Tiku
Noah Travis
David Walker
Rachael Walker
Matthew Winston
Aaron Wong
Karl (Ke Yang) Xia
Zoe Zimmermann

Proskauer» For Success. For Progress. For Good.

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