

FFA MONTHLY UPDATE CALL

June 2020



KEY THEMES

- Overall, the industry has remained robust with good deal flow activity with demand/supply still in balance
- Still seeing new banks come into the market
- No one is reporting any real hiccups with deals
- One bank tested the market with a multi-billion facility which was successful, the bank reported there were some challenges but positive for the industry that the deal was able to close
- Overall, there is a rapid recovery of capital markets
- General increase in NAV loan activity
- Investors continue to have a good history of funding capital calls
- Seeing an increase in debt and preferred equity activity
- The market still has appetite for new lenders in the space

SECONDARY MARKET UPDATE:

- LP secondary sales have been relatively quiet
- Anticipated that the secondary market will bounce back quicker
- Preferred Equity market is gaining lots of interest and is GP led, focus on fund restructurings and single lenders
- Still uncertainty re-pricing on NAV side
- Asia deal flow has picked up but GPs commenting on price increase due to pressure on liquidity for banks and many are waiting to see what Q2 results hold

ILPA UPDATE:

- ILPA held a successful workshop on subscription lines with over 500 attendees and 40+ questions asked (a record for their online events)
- Most GPs surveyed are seeing less than 10% or no significant change in NAV, 1/3 said they saw a 11%-20% decrease
- No level of distress to meet capital calls and no push from LPs to delay capital calls
- New disclosure docs have received positive feedback from GPs/LPs/Lenders and ILPA members
- ILPA will be releasing a Q&A on how to implement the new disclosure guidelines
- LPs are not concerned with cyber security issues; ILPA is looking at addressing this in the Due Diligence questionnaire

FOLLOW UPS:

- Attendees to provide feedback on virtual conference options to the FFA for consideration.
- Follow up call to be scheduled to discuss 2021 conferences