



ZP Secured Direct Lending PLC

8% Senior Secured Rated Bond due 2024

Sales & Distribution queries:

ZP Secured Direct Lending PLC GBP150m MTN Programme
Contact: Stephen Hallam | sh@zenzicpartners.com | +44 (0)7814 022 521

Overview

Zenic Partners ("ZP") is an FCA regulated merchant bank that both advises and invests in structured finance transactions across asset-backed industries. Since 2015, ZP has acted on over £1bn of transactions across a diverse range of sectors and markets and, via its secured lending subsidiary, ZSL Capital, invested in excess of £23m into asset-backed transactions without a single capital loss. ZP principals have over 100 years of combined experience in structured finance at institutions that include EY, F&C, Impact REIT, Bear Sterns, covering a variety of asset classes including real estate, financial services, healthcare and infrastructure. ZP has long-standing relationships in the structured finance market, including Investment Banks, Commercial Banks, Challenger Banks, Financial Advisory Firms, Sponsors and Borrowers, which provides a proprietary investment pipeline.

Investment Track Record

| Portfolio Loans | Total | Realised | Active |
|---------------------|--------|----------|--------|
| | £21.4m | £13.7m | £7.7m |
| Total Portfolio IRR | 24.2% | 24.7% | 23.8% |
| Total Cash Multiple | 1.28 | 1.25 | 1.34 |

The Bond

The ZP Secured Direct Lending PLC 8% 2024 Bond is a high yield debt instrument that offers investors a fixed return over a 5-year term. ZP Secured Direct Lending PLC (the "Company") aims to generate attractive and regular returns through investment in a diversified portfolio of secured debt instruments of UK SMEs and mid-market corporates sourced or originated by the Investment Manager with a degree of inflation protection through index-linked returns where appropriate. All loans in which the Company invests will be secured against assets such as real estate, plant and machinery and/or income streams such as account receivables. The Company will typically invest in three main types of secured loan:

- Corporate Loans: Lending is secured over all business assets including plant, property, equipment, and cashflows etc
- Asset Finance: Granular lending, secured over pools of plant and equipment.
- Project Finance: Loans are secured over specific assets, with security over the physical assets and contracted cash flows – such as property or renewable energy transactions.

Bond Information

| | |
|---------------------|--|
| Bond | ZP Secured Direct Lending PLC |
| Maturity Date | September 2024 |
| Size | 150m (GBP, EUR & USD) |
| Listing | XDUB - Euronext Dublin Exchange |
| Coupon/Term | 8% per annum, paid quarterly |
| Status | Senior Secured Debt under English Law |
| Rating | A-(sf)(ind) (Stable) |
| Liquidity | Freely transferable |
| Eligibility | UCITS, ISA SIPP, SASS, QROPS, Portfolio Bonds and Investment Platforms |
| Issue Date | September 2019 |
| Clearing/Settlement | Crest, Euroclear, Clearstream |

Key Parties

| | |
|----------------------|---|
| Investment Manager | Zenic Partners Limited |
| Issuer | ZP Secured Direct Lending PLC |
| Security Trustee | Woodside Corporate Services (Tricor Global) |
| Registrar | Avenir Registrars Limited |
| Arranger | Zenic Partners Limited |
| Market Maker | Renell Bank AG |
| Issuer Legal Counsel | DWF LLP |

Contacts:

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Dealing / Valuation

DAILY 9am-5pm

VALUATION: Weekly
CURRENCY: GBP, USD, EUR

GBP

ISIN: GB00BJV2L158
SEDOL: BJV2L15
OPOL: XDUB

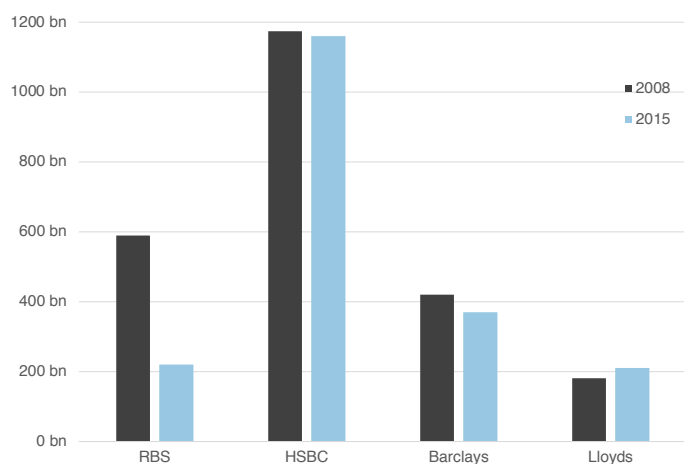
EUR

ISIN: GB00BJV2L265
SEDOL: BJV2L26
OPOL: XDUB

USD

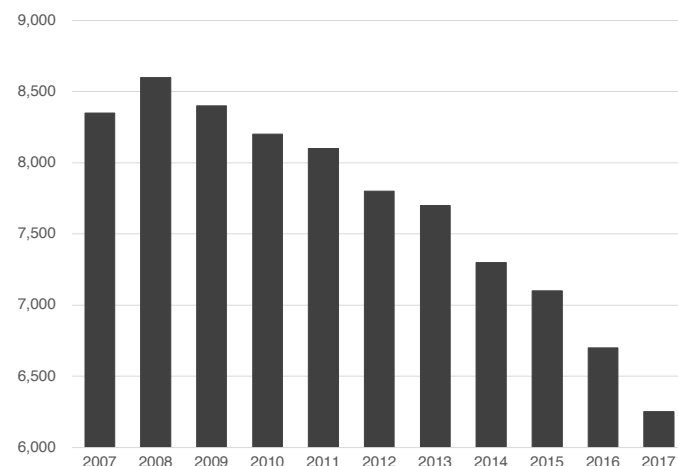
ISIN: GB00BJV2L372
SEDOL: BJV2L37
OPOL: XDUB

Risk Weighted Assets



Sources: RBS, HSBC, Barclays and Lloyds Company Annual Accounts, 2008 & 2015 respectively.

Number of Credit Institutions in the EU



Sources: European Banking Federation.

The global financial crisis of 2008 and the European debt crisis of 2009-2011 highlighted the need for greater supervision of the financial sector and the need for corporate borrowers to diversify their sources of funding as the traditional bank lending market changed. A considerable amount of regulation has been introduced in the last eight years, such as Basel III, Solvency II, AIFMD, EMIR, MIFID II, CRR, Dodd Frank etc. The impact of this regulation on the financial services sector and in particular the banking sector has led to a reduction in lending, bank leverage, and overall risk-appetite.

Since the financial crisis lending by banks to SMEs and mid-market corporates has contracted significantly as traditional lenders have sought to lend to larger 'safer' companies with less complex financing requirements. This has meant that small and medium size corporates have had less access to capital and have had to seek funding elsewhere. Often borrowers in this category require funding for projects or assets which are bespoke and do not therefore fit the standardised banking model.

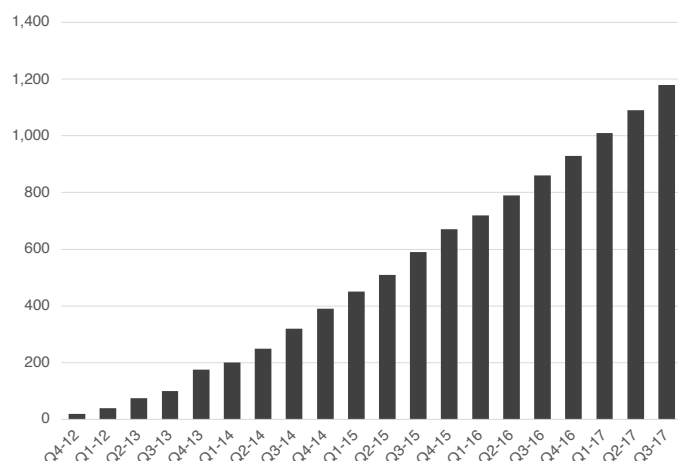
The Investment Manager believes that whilst there are now more lenders in the market, direct lending will grow much larger and become a permanent feature in the UK and Europe as supply side drivers, such as regulatory banking reforms hamper liquidity, whilst demand side drivers, such as a corporate refinancing, requirements remain significant. Furthermore non-bank lenders have tended to favour vanilla, homogenous lending opportunities often in specific sectors, whilst the Investment Manager believes the greatest opportunities to generate risk-adjusted returns are in providing bespoke direct lending solutions, where lending and security can be tailored to the specific needs of the borrower(s) and lender(s) requirements – it is therefore this area which the Company intends to focus on.

Lending to UK Businesses (12 month percentage change in lending stock)



Sources: Bank of England, British Bankers Association, British Business Bank

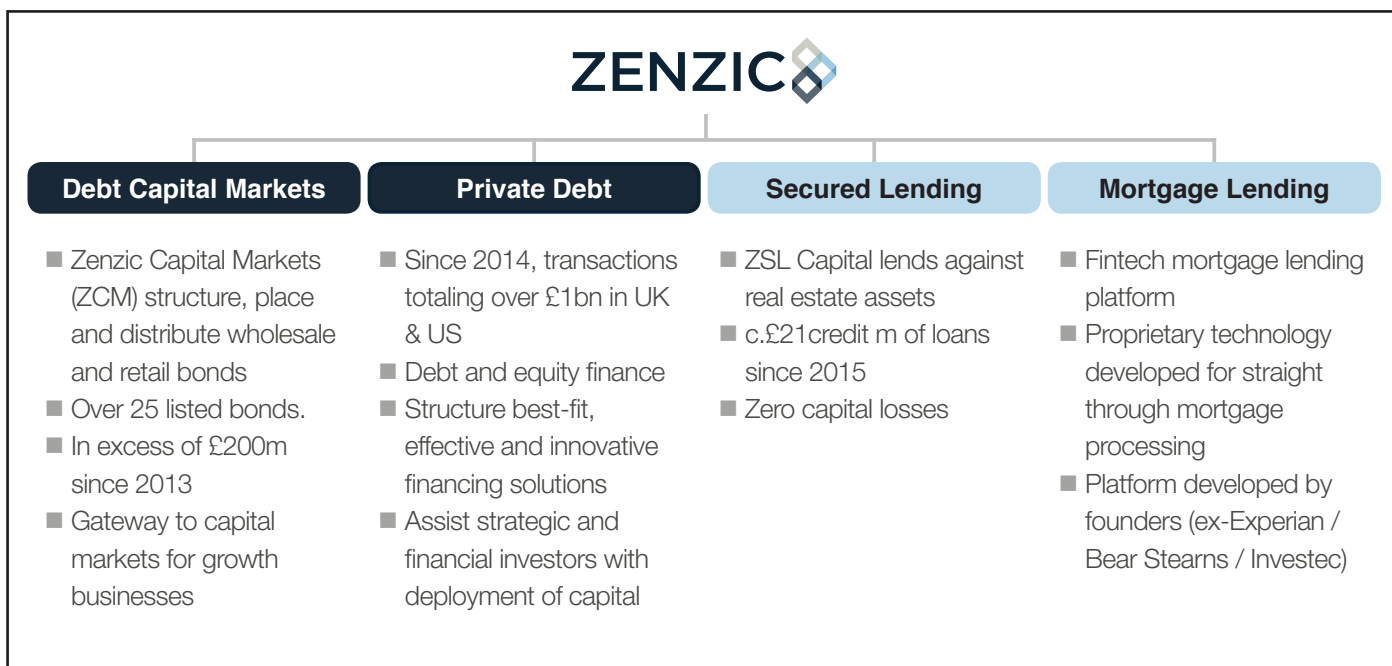
Cumulative Alternative Lending Transactions in Europe since Q4 2012



Sources: Deloitte Alternative Lender Deal Tracker as of Q3-17.

Zenic Partners Overview













Zenic Partners is an FCA regulated merchant bank, drawing on diverse, complementary talents of professionals with global experience. Our core advisory services are capital raising and capital markets advisory, where our model provides solutions for both investors and clients in replacing the shrinking proposition of traditional banks. Our investment proposition is focussed on structured finance, where we specialise in real estate and asset backed financings.



Selected Transactions

Since 2014, Zenic has advised on transactions totalling over \$1.25bn in UK, US and Middle East. We specialise in structured credit transactions in the following sectors: real estate, financial services, energy, infrastructure and other asset-backed industries.

We pride ourselves on our integrity, agility and client-led, partnering approach. Our senior management have strong track records in alternative asset classes and our philosophy is based on ethical partnership and financial alignment with clients. We share a common vision of providing our clients with the highest quality service based on a deep understanding of their needs. We believe that trust and integrity are the values upon which long-term client relationships are founded.

| | | | | | |
|---|---|---|---|---|---|
| <p>Madison</p>  <p>\$30m FX Margin Facility</p> | <p>Real Estate Developer</p>  <p>£10.5m Residential Equity Investment</p> | <p>New York Wheel LLC</p>  <p>\$70m Preferred Equity</p> | <p>Aitch Group</p>  <p>Residential RE £40m Pan-Asset Equity Facility</p> | <p>German Listed Bonds PLC</p>  <p>€150m Listed Wholesale Offering</p> | <p>NBFA (non-bank financial institution)</p>  <p>£100m rated wholesale transaction</p> |
| <p>Linklease Finance PLC</p>  <p>Rated wholesale debt issuance</p> | <p>Asset backed investment group</p>  <p>€100m wholesale debt issuance</p> | <p>Mace</p>  <p>£15m Subordinated loan</p> | <p>Pegasus</p>  <p>CRE Development £30m Senior Debt and Equity</p> | <p>Ipswich Wharf Developments</p>  <p>Residential RE £30m Debt and Equity Facility</p> | <p>Torsion</p>  <p>£25m forward fund</p> |

Investment strategy

ZSL Capital

ZSL Capital is a group company of Zenzic Partners, a specialist real estate lender providing acquisition and development finance to SME real estate companies who focus on the delivery of widely affordable housing. ZSL Capital has been lending since 2014 and lent over £23m with zero capital losses. Its principals are seasoned structured finance and real estate professionals. ZP Secured Direct Lending PLC will provide senior secured growth financing to ZSL Capital in the form of a cross-collateralised pool and has applied a multi-layered credit enhancement approach. The collateral within the pool is composed of UK real estate with significant equity value over and above the amount of the loan amount to be provided by ZP Bond PLC.



| | |
|---------------|-----------------------------------|
| Borrower Type | Specialised Asset Finance Company |
| Loan Type | Senior Secured |

BlueZest Mortgages

BlueZest (BZ) is a group company of Zenzic Partners, a fintech mortgage lending company looking to disrupt the £2bn BTL and owner occupier mortgage market. It was founded by seasoned ABS market veterans with experience in operating and scaling mortgage businesses and has developed a “straight through” lending process that uses new technologies and data to deliver binding mortgage offers in 30 minutes. This technology is proprietary, developed by senior BZ professionals who previously created the Experian credit platform used by banks globally. Existing banks struggle to adopt new technology at the pace and extent of a new player. All mortgage loans will be insured by AmTrust (A- rated insurer) against a drop in value of the portfolio of up to 40%



| | |
|---------------|-----------------------------------|
| Borrower Type | Specialised Asset Finance Company |
| Loan Type | Senior Secured |

Security Measures

| Portfolio Weighting | Concentration Limits | Loan to Value Limits |
|--|---|---|
| 30% into ZSL Capital; - UK real-estate lender | Largest single Loan; -Not to exceed 4% of series limit | ZSL Capital; Not to exceed 75% of fair market value |
| 70% into BlueZest Mortgages; - UK insurance-wrapped residential mortgages | Largest 10 Loans; Not to exceed 20% of series limit Top 5 borrowers; Not to exceed 20% of series limit | BlueZest Insured Mortgages; Not to exceed 85% of fair market value |



Senior Team



Thomas Lloyd-Jones

Corporate finance professional, with over 15 years experience specialising in real estate and illiquid credit. Prior to founding Zenzic worked at EY & Macfarlanes. Particular expertise in bespoke finance structures for asset backed scenarios.



Nadine Buckland

Specialising in real estate and asset backed finance across all major classes for over 15 years, and wide variety of previous finance roles at major asset managers such as Morley and F&C.



Daryl Thorpe

Over 20 years finance experience, successfully co-founding and exiting a consumer finance business to a listed US Corporation. Involved in UK real estate since 2002 with more recent focus as a principal lender within the sector.



Robert Ainscow

Over 15 years' experience in financing mortgages and loans during his career at regulated Investment Banks including Morgan Stanley, Bear Stearns and Investec.



Theo Theodosiadis

Leads the investment and risk analysis operation at ZSL. Has over 7 years experience of market research, credit DD, business management reporting, data analysis, business development and account management across real estate and other sectors.



Harriet Hiebendaal

Director in the Private Debt department. Qualified as a solicitor in New Zealand before entering banking. Has over 7 years experience at ANZ and more recently HSBC in the leveraged finance sphere. Has worked on more than 35 transactions to date covering LBOs, acquisitions/bolt ons and recaps.



John Robinson

Has over 30 years' experience in building credit risk decision software and application processing solutions with Experian, and the International Risk Partnership.

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