

IBA London – Developments in Fund Finance Workshop

Moderator:

Meyer C. Dworkin, Davis Polk

Panelists:

Lynn Alzin, Arendt

Rajan Chandolia, Pemberton

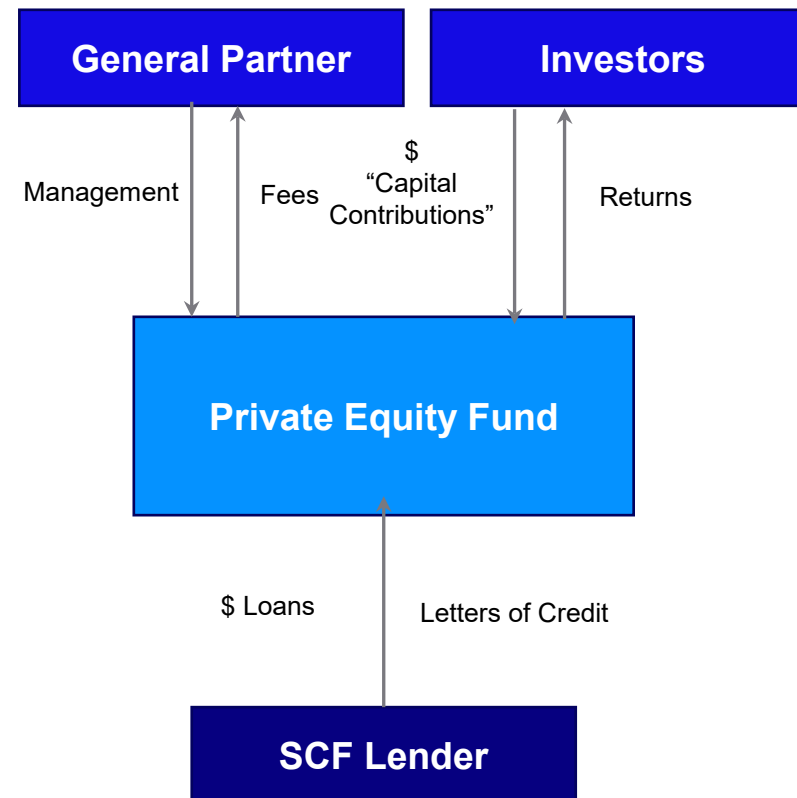
Holly Loftis, Haynes Boone

Cameron Roper, Proskauer

Mustafa Salehbhai, MSIM

Subscription Credit Facilities

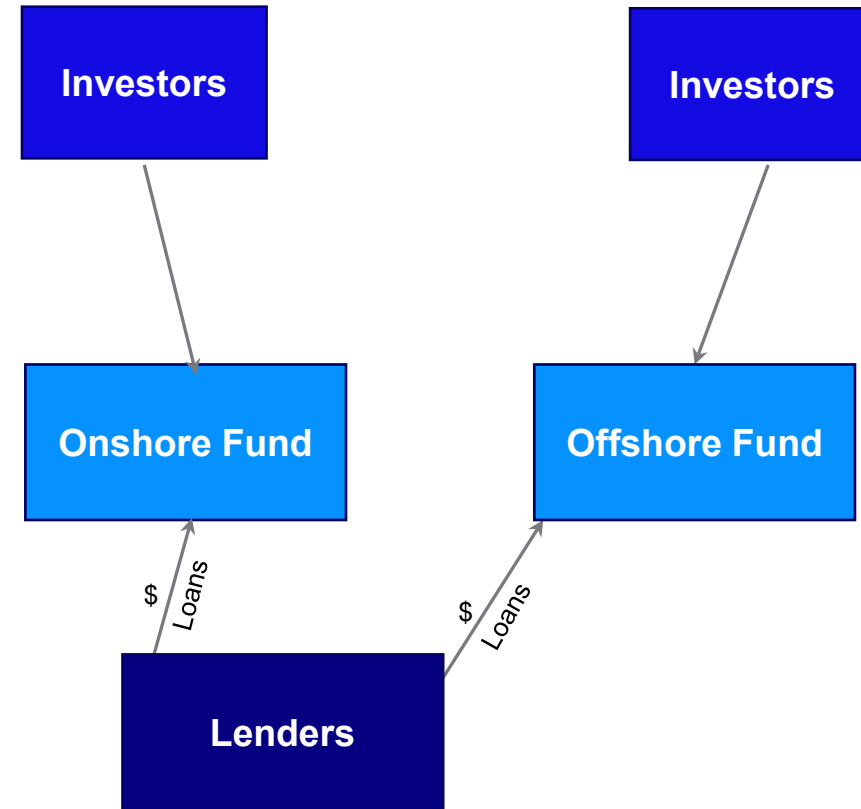
- **What is it?:** Typically a revolving credit facility to a closed end private equity fund. Typically structured with a borrowing base, which can have a flat advance rate or tiered advance rates based on the investor credit ratings.
- **The defining feature is the collateral package:** The facility is secured by the capital commitments of the Investors, the right to call capital from the Investors, the right to enforce payment thereof and the deposit account into which such capital is required to be paid.
- The facility is full recourse to the fund borrower.



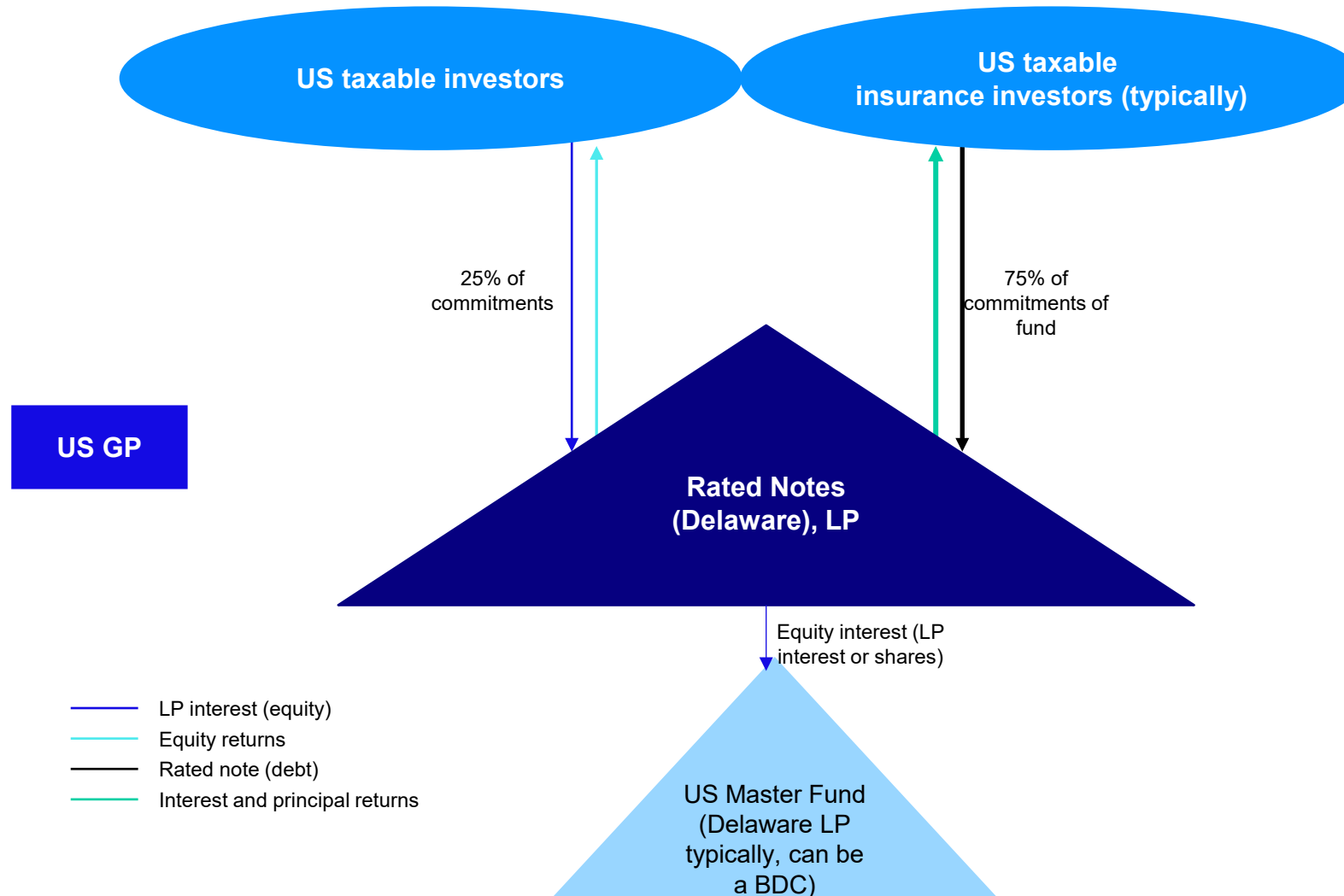
Security Structure Overview: Parallel Funds

Parallel Funds Structure

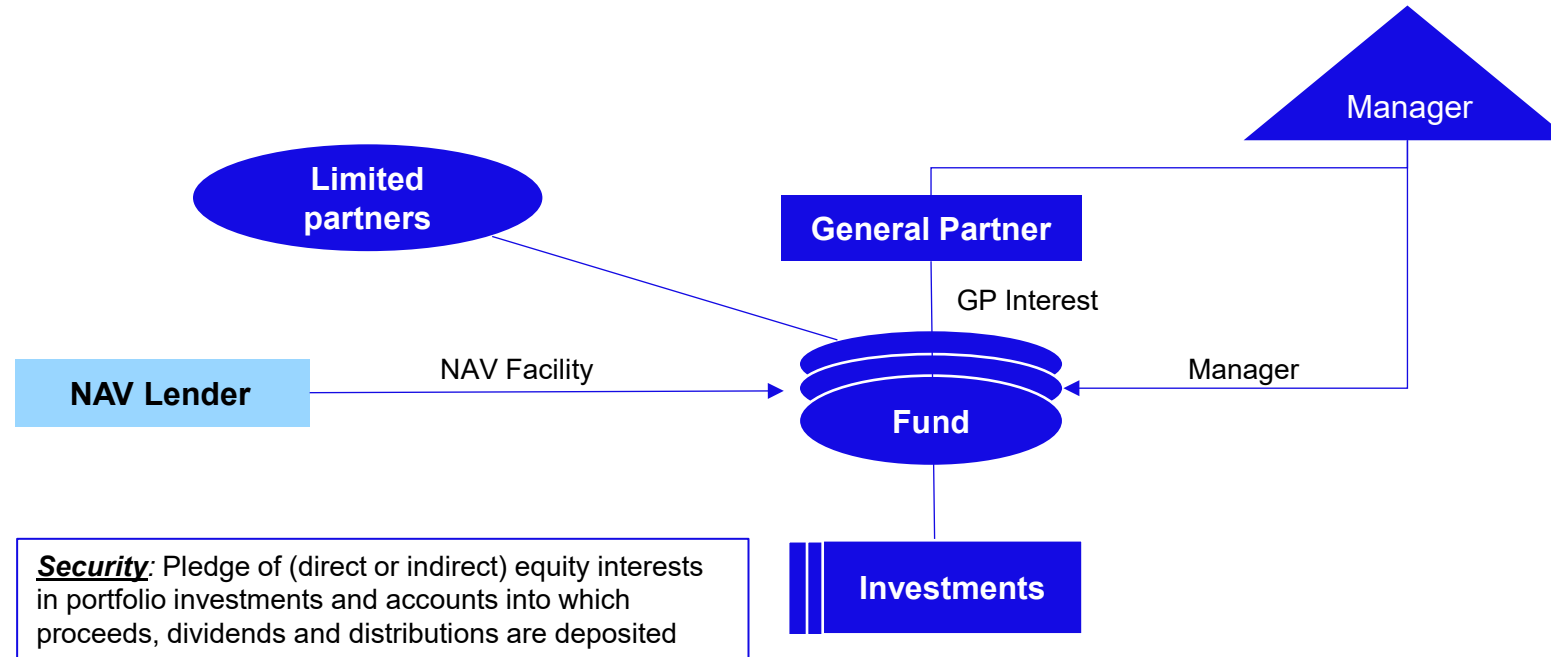
- Typically joint and several liability
- Cross-pledges or Guarantees
- Otherwise, typically separate Borrowing Bases



Types of Rated Note Structures – Master/Feeder



NAV borrowing by fund

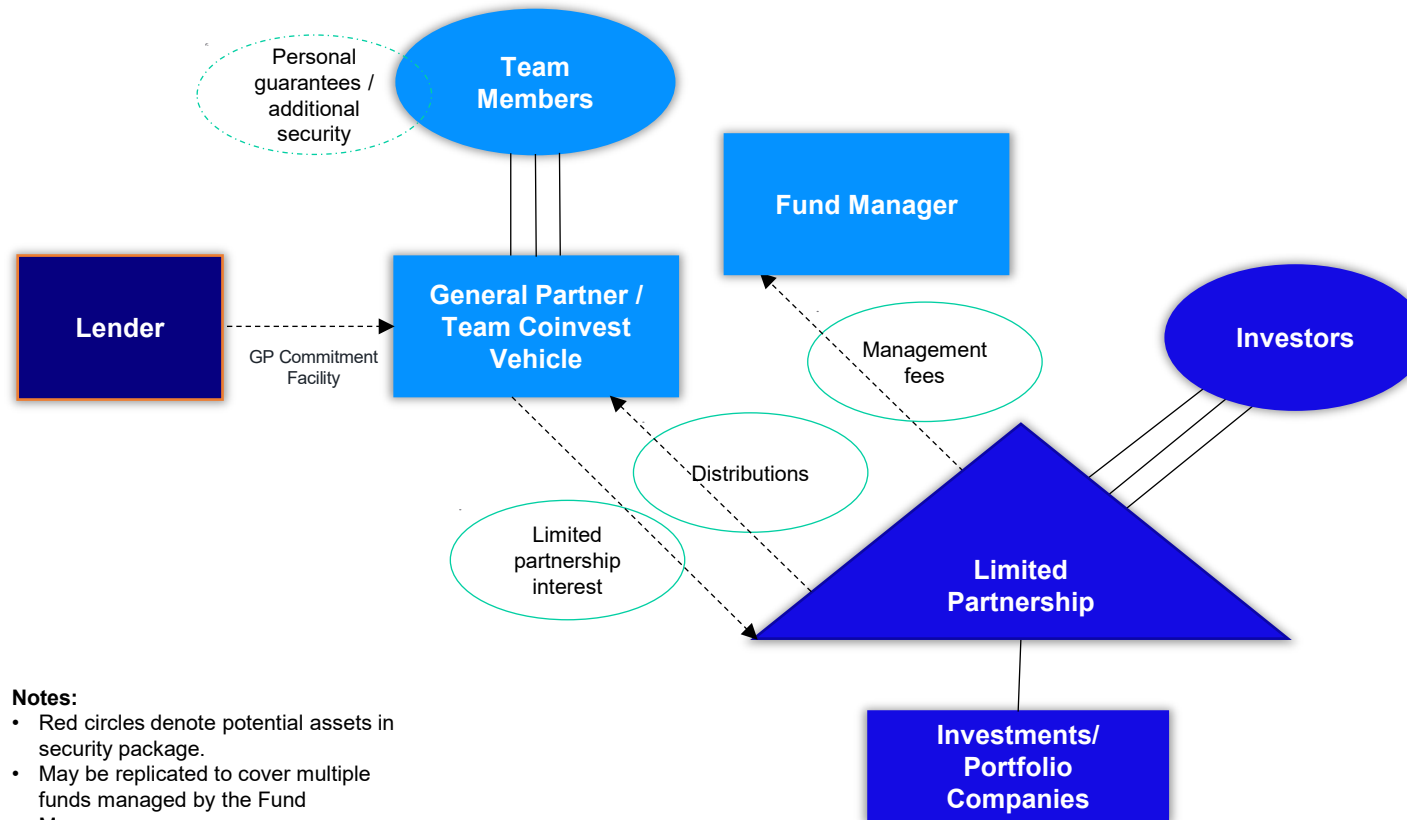


Security: Pledge of (direct or indirect) equity interests in portfolio investments and accounts into which proceeds, dividends and distributions are deposited

Debt: This structure assumes no other debt at the Fund; atypical to have a subscription facility in addition to a NAV facility at the Fund given intercreditor issues

Security: The security in this structure may include a pledge of the uncalled capital of the Fund ("hybrid facility")

GP Commitment Facilities



Notes:

- Red circles denote potential assets in security package.
- May be replicated to cover multiple funds managed by the Fund Manager.