

MARKET UPDATE



September 2020 | Volume 18

Recent Transaction Activity

| | | |
|-------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| 1 st Lien Term Loan: Add-on Software <i>A portfolio company of</i> June 2020 | 1 st Lien Term Loan B2B Digital Media <i>A portfolio company of</i> July 2020 | 1 st Lien Term Loan Marketing Services <i>A portfolio company of</i> August 2020 |
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Tree Line Updates

Tree Line continues to expand both its AUM and portfolio with the addition of new funds and financings. We remain healthy, liquid and expect to be very active in the final months of 2020. We are also excited to welcome two new members to our team as we expand our footprint across the U.S.

Key Firm Updates

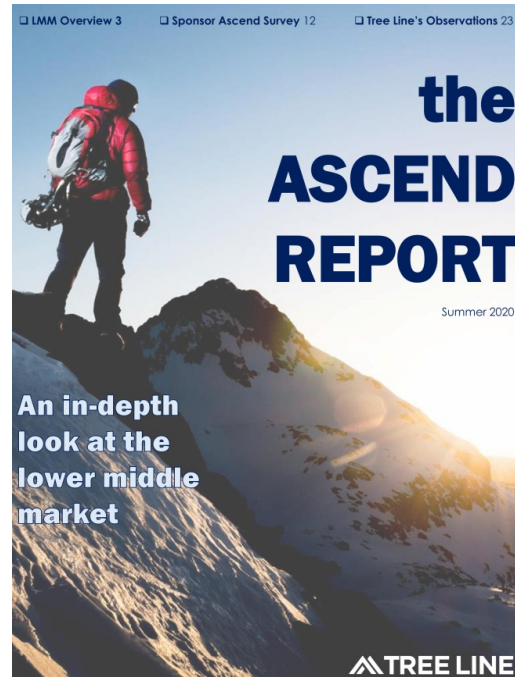
- Since May 2020, completed five add-on acquisition financings for existing borrowers and two financings for new sponsor relationships
- Completed the first annual Tree Line Ascend Report to examine lower middle market private equity deployment expectations and criteria for the year ahead
- Opened an Austin office and added two members to the Tree Line team, Tina Badciong and Grant Heatley

Tree Line has provided the lower middle-market with over \$1.6B in commitments and over 90% of our activity started with companies less than \$15M of EBITDA. Frank Cupido, Partner of Tree Line, adds, “As a leading lower middle-market direct lender, we provide sponsors the important combination of a financing solution to meet closing requirements but with meaningful capabilities to expand through add-on acquisitions. For sponsors considering a buy & build strategy, we have a strong track record and reputation for delivering long-term value as an investing partner. We are encouraged by the activity we’re seeing build on our pipeline and remain focused on supporting both existing and new sponsor relationships in this environment.”

Tree Line's 2020 Expectations

Thoughts on the Road Ahead

- Given our increasing pipeline, we anticipate strong new platform activity, in which Tree Line has the capability to lead deals of \$100m+
- We expect to be most active in software, tech-enabled services, healthcare services and business services for \$3m+ EBITDA businesses
- Our Ascend Report (available [here](#)) provides valuable insights from over 50 participating sponsors; we are well-aligned with these groups as the collective data set suggests high confidence in robust future deployment



Target Investment Criteria

Targeted Industries



Business Services



Tech-enabled Services



Healthcare



Financial Services



Consumer



Manufacturing

Company Profile

\$10M+

Revenue

\$3M+

EBITDA

**Sponsored
Non-sponsored**
Ownership

North America
Geography

Loan Structures

**Senior Secured
Term Loan**

\$5-150M

Investment Size

**Unitranche
Term Loan**
Security Type

3-6 years

Term

About Tree Line

Tree Line Capital Partners is a private credit asset management firm focused on direct lending to the lower middle market. The firm provides first lien term loans, unitranche term loans and equity co-investments to lower middle market borrowers with between \$3M-\$30M of EBITDA in North America in transaction sizes up to \$150M. Tree Line currently manages \$1.4B in investable capital, and has completed over 100 transactions for acquisitions, recapitalizations, refinancings, expansion projects and other growth capital needs. Tree Line's team has extensive direct lending experience spanning multiple economic cycles and has generated significant repeat investment opportunities from the private equity community through reliable execution coupled with a direct relationship approach. Tree Line is headquartered in San Francisco with offices in New York, Los Angeles, Austin and New Orleans.

Visit www.treelinecp.com for additional detail.

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