

Capital Solutions in critical times

Global uncertainty and distressed industries are challenging the economy in an unprecedented way.

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COVID-19 has impacted the global economy and financial markets in unprecedented ways. In 2020, we witnessed severe disruption and even suspension of public services, education, and businesses as well as significant turmoil in global financial and commodity markets. Lenders and investors raised concerns about the ability of companies to manage liquidity and avoid defaults under loan documentation. On top of this, the impossibility of meeting in person considerably slowed down the closing of ongoing transactions. Companies doing well on the sell-side postponed transactions because they preferred to sell based on their positive 2020 results. Companies not doing well faced serious liquidity problems and abandoned their buy-and-build strategies waiting for better times.

Each borrower had to assess how the COVID-19 outbreak would impact its own finances in the short, medium, and potentially long term. The impact can include serious liquidity problems, fallbacks in turnover, exceptional organizational costs, and shrinking EBITDA margins. Most governments have been swift to react with fiscal relief packages, support to employees and programs for state guaranteed credit enhancement. Borrowers needed to quickly develop an understanding of how governments, investment agencies, and banks may help them navigate through this storm.

Government support for businesses has varied widely from region to region. Government rescue plans or crisis funding helped a significant number of companies avoid liquidity issues but it was challenging to navigate, particularly for companies acting in multiple jurisdictions. This was an area where our capital solutions team saw a great need for professional advice.

In these critical times Clairfield's capital solutions team also provided support on tasks such as:

- Mapping companies' liquidity needs and exposures under the current and new loan documents.
- Conducting relevant financial (scenario) analyses and building of financial models to structure solutions.
- Optimization of the companies' financial debt structure.

- Negotiation and documentation during government support but also when the support will end.
- Setting up operational cash management (debtor and creditor control) and assistance in forced sales of pledged assets.

An interesting year ahead

Market liquidity remains relatively stable in early 2021. Though liquidity needs are far larger and more volatile, throughout 2020 and into 2021 liquid market funding remained available. Banks, institutionals, private equity players and family offices offer attractive options. For 2021, we believe debt and equity markets will remain liquid but become more selective. What will the Corona effect be on the business plans of our targets? Many foresee double-digit drops in sales and EBITDA figures.

Overall corporate leverage will be significantly higher and weaker companies will face default and require debt restructuring and turnaround advice. We are seeing a wide range in the types of company seeking debt advisory. Many companies are wisely doing their homework before they get to a possible financing round. Clairfield can also support them with this preparation.

Banks will continue to struggle with tightening regulations and the bond market is volatile again. One thing is sure: we have an interesting year ahead.

Going forward with Capital Solutions

In 2021 the international Capital Solutions team will continue to offer its services to clients worldwide. For new clients, we follow a 3-step approach whereby we first focus on the optimization of the capital structure, followed by a debt transaction, and after which we continue to monitor the company and analyze the balance sheet on a continuous basis.

Our aim is to be present early in the funding process, form a common focus and goal, and become a long-term advisor supporting the client in growth, acquisitions, disposals and post-deal integration.



CAPITAL SOLUTIONS DEAL SPOTLIGHT

Clairfield acted as financial advisor in the IPO of Inclusio, the first Belgian ESG-focused REIT

Clairfield successfully supported Inclusio as financial advisor and fairness opinion provider in its IPO preparation process.

Inclusio is a Belgian real estate company ("REIT") offering high-quality homes to vulnerable groups at affordable rent and for the long-term. The majority of the buildings are rented to social renting agencies, ensuring affordable housing to people in need. Furthermore, in the development of its projects, Inclusio focuses on infrastructure adapted to disabled people and on social infrastructure, including schools, daycare and reception centers for asylum seekers. Inclusio has been certified

as a B Corp (corporations that address social and environmental problems) by the international B Lab Association.

In November 2020, Inclusio announced its IPO on Euronext Brussels. The company closed its funding process successfully by mid-December. Funds will be used to further develop its activities and offers, as such, an answer to the increasing demand of investors to invest in socially relevant projects. Clairfield Belgium and corporate finance boutique Walkiers & Wauthier were

appointed as financial advisor and fairness opinion provider.

In that role, Clairfield reviewed and optimized the appointment of the joint global coordinator Belfius and advised the company on the equity story, positioning of Inclusio and the capital structure (institutional vs retail investors). We also provided input on the valuation and the IPO pricing process, including the price range and the final issue price, based on the chosen structure and equity story.

Selected recent transactions

<p>FINLAND</p> <p>Renegotiation of EUR 80 million senior debt portfolio</p>	<p>FINLAND</p> <p>Negotiation on senior debt financing</p>	<p>ITALY</p> <p>EUR 30 million Long-Term Facility</p>	<p>FINLAND</p> <p>Renegotiation of EUR 40 million debt portfolio and additional debt financing</p>	<p>GERMANY/POLAND</p> <p>was refinanced with senior debt</p>	<p>GERMANY</p> <p>Capital advisory for</p>
<p>BELGIUM/FRANCE</p> <p>refinanced credit facilities through</p> <p>with a EUR 112 million bond issue</p>	<p>BELGIUM</p> <p>Private financing</p>	<p>BELGIUM</p> <p>reached financial close on the Brabo II project</p>	<p>NETHERLANDS</p> <p>attracted growth financing from</p>	<p>MEXICO/US</p> <p>acquired</p>	<p>BELGIUM</p> <p>Member of the STAR consortium</p> <p>Advisory to the Belgian state</p> <p>on the disposal of BNP-Paribas, Proximus, Bpost, Belfius, Ethias, National Lottery, Brussels Airport, and other assets</p>