

Fund Finance Friday



Crestline Investors Providing Unique Financing Solutions

November 30, 2018 | Issue No. 5

Crestline Investors, through its Portfolio Financing strategy, is providing unique fund financing solutions for private equity funds based on the funds' investment portfolio and net asset value ("NAV"). The Portfolio Financing strategy offers bespoke and flexible capital in a variety of structures ranging from short-term bridge loans to medium-term fund financing solutions to private equity funds and other private investment firms in need of additional capital. The strategy is particularly well-suited for investment vehicles that are liquidity-starved, yet asset-rich, with sufficient remaining portfolio holdings to serve as borrowing base. The goal is to open up access to additional capital for these vehicles for accretive or protective opportunities within their portfolio companies.

The strategy, led by Managing Directors Amit Mahajan and Dave Philipp, customizes every transaction structure based around the particular fund's needs and asset composition, taking into account any structural limitations or requirements posed by existing fund agreements. Since October 2016, Crestline Investors has closed transactions in excess of \$580 million and is actively pursuing new financing opportunities.

Some of the unique circumstances where the fund financing solutions has been put to use include:

- A new fund wants to pursue an attractive investment but has not yet closed on enough limited partner commitments;
- A fund wants to close on an investment but a syndication partner co-investor needs more time to complete diligence;
- A portfolio company needs a follow-on investment for growth to complete a new acquisition or to maintain covenant compliance on its credit facility, but the fund has insufficient uncalled capital remaining;
- A limited partner would like a partial return of capital, but the fund does not want to prematurely sell a successful portfolio company.

Fund financing innovations like those provided by Crestline offer funds additional flexibility to optimize their capital structures.