



Quarterly Update First Quarter 2021



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KEY HIGHLIGHTS

CAPITAL RESTRUCTURING FIRST QUARTER 2021 KEY HIGHLIGHTS

We are pleased to share with you the *SOLICconnect* Capital Restructuring Perspectives quarterly update which includes perspectives relevant to restructuring and bankruptcy professionals, attorneys, workout groups, distressed debt investors, and other interested parties in the capital restructuring space.

Defaults: At the end of first quarter 2021, Moody's and S&P reported default rates of 7.5% and 6.3%, respectively, with defaults led by the oil and gas, media and entertainment, and retail sectors. Both credit agencies forecast default rates to fall to 3.9% (Moody's) and 5.5% (S&P) by year end, with S&P citing strong economic data and forecasted growth during 2021. Credit portfolio risks in the event default rates are driven higher are primarily expected to be the increase in U.S. Treasury yields this year and its impact on the rate environment, pandemic-related drivers, credit quality, and potential inflation. Many investors are looking at the loan market as a barometer of credit conditions.

The rolling three-month count of upgrades exceeded downgrades for a third consecutive month in April 2021. The last time there was such a streak was in 2015. For the three months through the end of April, the ratio of downgrades to upgrades was 0.48x (34 downgrades vs. 71 upgrades).

Financing: U.S. leveraged loan issuance increased significantly in 1Q21 amid strong tailwinds as the specter of rising Treasury rates helped steer investors back toward floating-rate debt and as optimism grew around the COVID-19 vaccination roll-out. The primary loan market bore the hallmarks of a more favorable risk environment as opportunistic issuance metrics climbed to heights not seen in years. Institutional loan volume surged in the first quarter, the highest quarterly volume of all time, exceeding the prior record that the market absorbed in the first quarter of 2017, according to LCD. Assets under management at leveraged loan funds are close to levels not seen since prior to the coronavirus pandemic as investors seek to benefit from rising interest rates by moving into floating-rate assets.

The wave of high-yield bond issuance triggered by Fed backed liquidity in April 2020 had not crested by the end of the first quarter 2021, notwithstanding long-term Treasury rates tracking higher and the robust leveraged loan sector. High-yield issuance for the first quarter surged well ahead of the previous record first quarter pace (in 2012). Borrowers are sensing the risk of materially higher refinancing rates coming down the road, and thus are undertaking broader efforts to refinance their capital structures in the near-term while the opportunity presented by historically low borrowing costs remains.

Direct lending exposure to middle market companies is expected to continue to increase in relation to broadly syndicated lending as has been the trend in recent years.

Including non-sponsored issuers, dividend recapitalization volume was \$21.8 billion, the highest reading since the second quarter of 2013, reflective of ongoing credit market robustness.

Borrowing costs on loans fell to the lowest level since the Financial Crisis. The new-issue YTM on term loans to B-minus rated corporates dipped to 4.81% in January 2021, its first time below 5% in over 10 years, and held at 4.82% through February 2021 before rising to 5.34% in March. Similarly, new issue spread on deals from B/B+ rated issuers fell in January, the lowest level in a year, before widening in March. Average yield on these deals was 4.23% in January 2021, the lowest level since the Financial Crisis, and rose 38 bps by March 2021 to 4.61%.

Maturity Wall: Refinancing activity has helped chip away at near-term maturities. The amount of outstanding loans with maturities through 2025 declined by \$95.6 billion over the past three months, while for those maturing in 2026-2029 increased by \$108.1 billion.

We welcome your comments and hope you find our *SOLICconnect* report informative.



A stylized, handwritten signature of Raoul Nowitz in dark ink.

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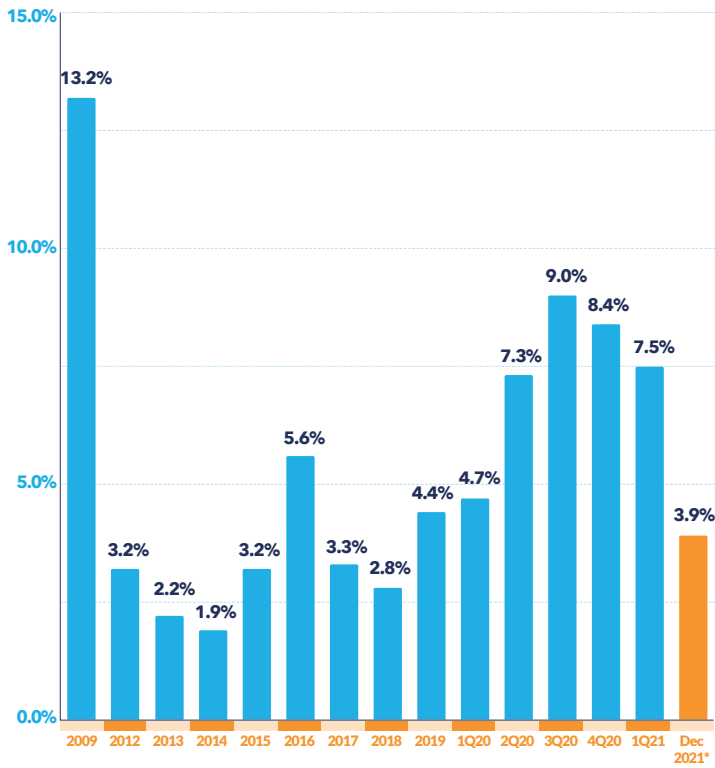


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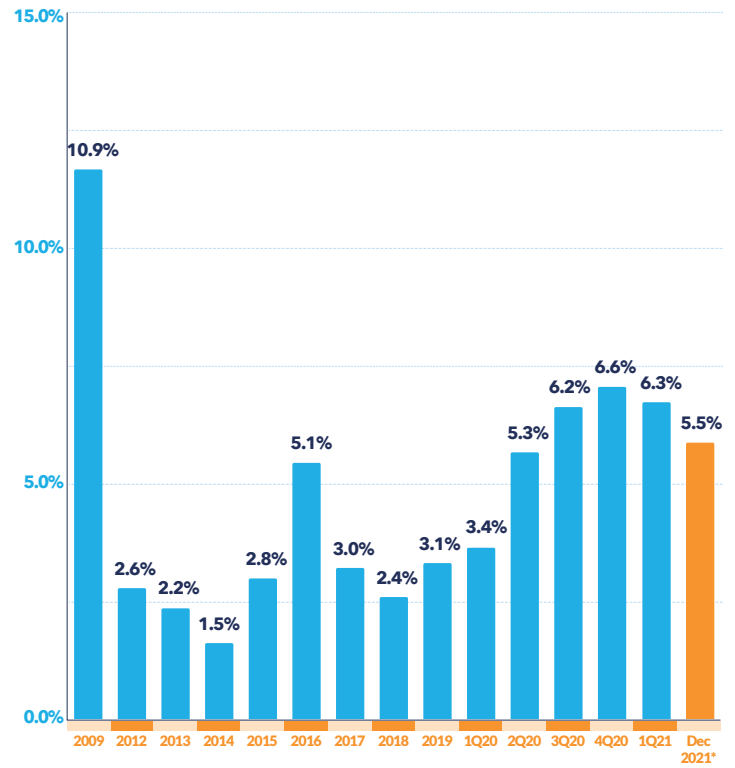
DISTRESSED MARKET INDICATORS

Moody's U.S. Speculative Grade Default Rate



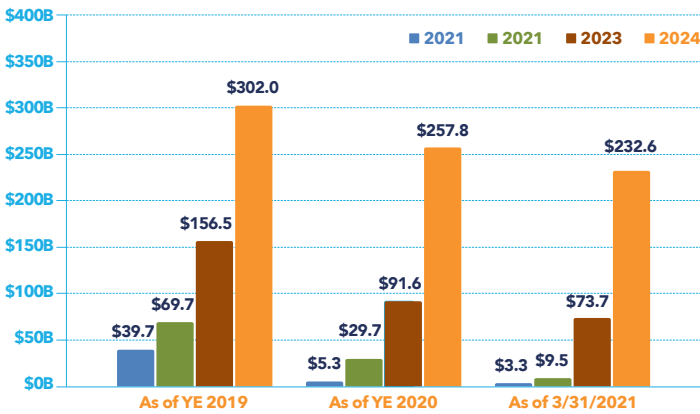
* Forecast
Note: 2014 default rates exclude EFH

S&P U.S. Speculative Grade Default Rate



* Forecast
Note: 2014 default rates exclude EFH

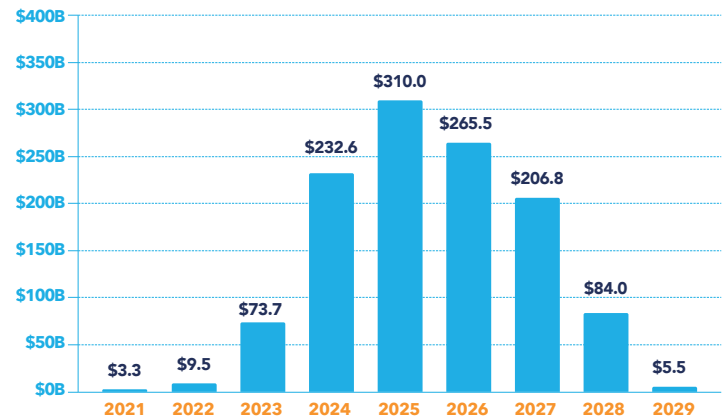
Cumulative Maturity Wall



Source: S&P/LSTA Leveraged Loan Index

S&P/LSTA Leveraged Loan Index consists of all loans that are in the index, namely Term loans (both amortizing and institutional), acquisition loans (after they are drawn down) and bridge loans, and senior secured

Current Loan Maturities by Year

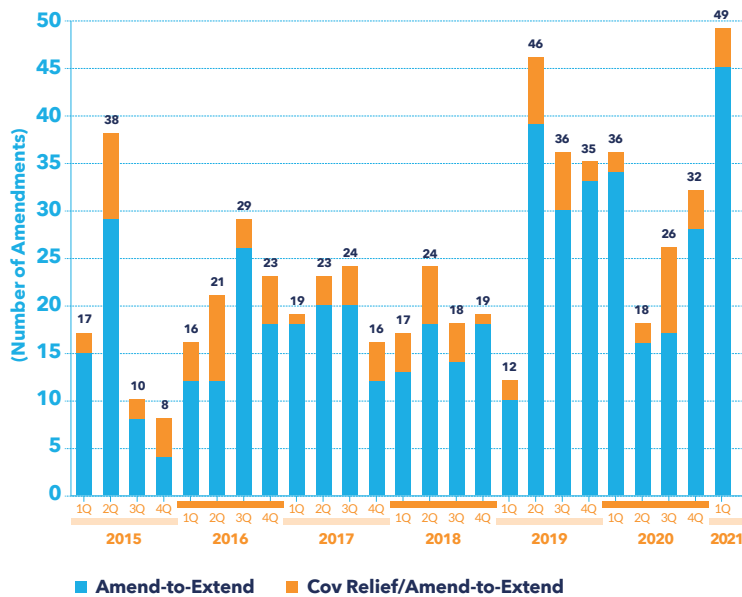


Source: S&P/LSTA Leveraged Loan Index

S&P/LSTA Leveraged Loan Index consists of all loans that are in the index, namely Term loans (both amortizing and institutional), acquisition loans (after they are drawn down) and bridge loans, and senior secured

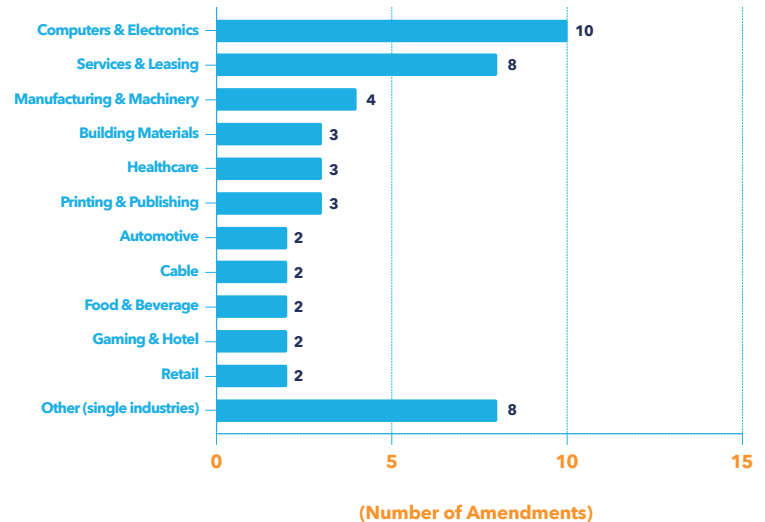
DISTRESSED MARKET INDICATORS

Amend & Extend – Count by Quarter



Source: LCD, an offering of S&P Global Market Intelligence

Amend & Extend by Industry - First Quarter 2021



Source: LCD, an offering of S&P Global Market Intelligence

Amend & Extend Deals

NAME	AMEND DEAL DATE	S&P LOAN RATING	MOODY'S LOAN RATING	EXTENSION
ACCO Brands Corp	3/31/2021	NR	NR	24 months
AECOM Technology Corporation	2/8/2021	BB	Baa3	35 months
AMC Networks (8/17)	2/8/2021	BBB-	Baa2	43 months
AMC Networks (8/17)	2/8/2021	BBB-	Baa2	31 months
Arvos	1/11/2021	B-	Caa1	24 months
Bass Pro Shops	2/22/2021	B+	B1	42 months
Belron International Ltd	3/23/2021	BB+	Ba3	41 months
Bentley Systems Inc	1/25/2021	NR	NR	35 months
Builders FirstSource Inc	1/29/2021	BB	Ba2	13 months
Charles River Laboratories International	3/8/2021	BB+	Baa3	36 months
Commercial Vehicle Group Inc	3/1/2021	B	B2	47 months
Dana Incorporated	3/25/2021	BBB-	Baa3	19 months
DiversiTech	2/17/2021	B+	B2	4 months
Eastman Kodak Co	2/26/2021	NR	NR	33 months
Edelman Financial Group	3/15/2021	B	B2	32 months
Endo International	3/25/2021	NR	NR	24 months
Evoqua Water Technologies	3/11/2021	B+	B1	39 months
Gray Television Inc	2/19/2021	B+	Ba2	24 months

DISTRESSED MARKET INDICATORS

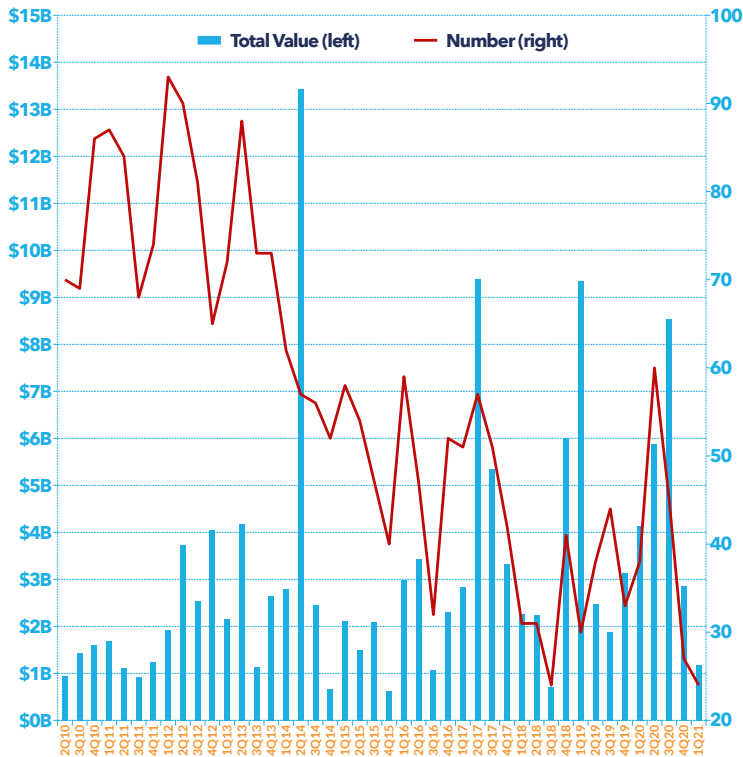
Amend & Extend Deals (cont'd)

NAME	AMEND DEAL DATE	S&P LOAN RATING	MOODY'S LOAN RATING	EXTENSION
Grosvenor Capital (Amend 4/18)	2/19/2021	BB+	Ba3	35 months
Grosvenor Capital (RC 12/13)	2/24/2021	BB+	Ba3	35 months
Harsco (Add-on RC 7/18)	2/24/2021	BB	Ba2	21 months
Harsco (11/16)	3/10/2021	BB	Ba2	21 months
Kofax	2/19/2021	B	B2	12 months
Life Time Fitness Inc	1/19/2021	B-	B3	30 months
LPL Financial Holdings Inc	3/4/2021	BB+	Baa3	16 months
McGraw-Hill Education (RC 5/16)	1/7/2021	NR	NR	30 months
McGraw-Hill Education (TL 5/16)	1/6/2021	NR	NR	30 months
MSCI Inc	3/29/2021	NR	NR	16 months
Novolex	2/23/2021	B	B2	48 months
Oberthur Technologies	3/19/2021	B-	B2	24 months
Ortho-Clinical Diagnostics Inc	2/9/2021	B-	Ba3	32 months
Pitney Bowes (12/19)	3/9/2021	BBB-	Ba1	38 months
Pitney Bowes (RC/TLA 11/19)	3/19/2021	BBB-	Ba1	24 months
Playa Resorts Holding BV	2/8/2021	CCC+	Caa1	21 months
Playtika Holding Corp	3/11/2021	BB	Ba2	18 months
Ply Gem (ABL RC 11/15)	3/22/2021	NR	NR	36 months
Ply Gem (RC 4/18)	3/22/2021	B+	B1	36 months
Ply Gem (TL 4/18)	3/22/2021	B+	B1	36 months
Potbelly	2/26/2021	NR	NR	10 months
Realogy Holdings Corp	1/27/2021	B-	Ba2	24 months
Revlon Consumer Products Corp	3/8/2021	CCC	Ca	21 months
Sotera Health	3/26/2021	B+	B1	18 months
TCW Group Inc	2/22/2021	BB+	Baa3	38 months
Thryv	3/1/2021	B	B3	30 months
TreeHouse Foods (Unsecured 5/14)	3/26/2021	BB+	Ba2	38 months
TreeHouse Foods (Unsecured 5/14)	3/26/2021	BB+	Ba2	37 months
Uber Technologies	2/16/2021	B+	B1	43 months
Vertex Aerospace	3/2/2021	B+	B2	24 months
ZoomInfo	2/3/2021	B+	B1	21 months

Source: LCD, an offering of S&P Global Market Intelligence

DISTRESSED MARKET INDICATORS

DIP Financing



Note: 2Q14 and 2Q17 surges due to Energy Future Holdings' DIP issuance.
Sources: LCD, an offering of S&P Global Market Intelligence, The Deal, and PACER

DIP Financings - Summary Comparison

	MARGIN OVER LIBOR	TERM/ LENGTH OF AGREEMENT (MONTHS)	UPFRONT FEE
1Q 2021			
Mean (\$100MM+)	800	3	--
Median (\$100MM+)	800	3	--
Mean (\$30-\$100MM)	829	6	3.67%
Median (\$30-\$100MM)	1,000	4	3.00%
1Q 2020			
Mean (\$100MM+)	544	7	2.63%
Median (\$100MM+)	534	6	2.63%
Mean (\$30-\$100MM)	457	7	2.42%
Median (\$30-\$100MM)	550	6	2.00%

Sources: LCD, an offering of S&P Global Market Intelligence, The Deal, Debtwire, and PACER

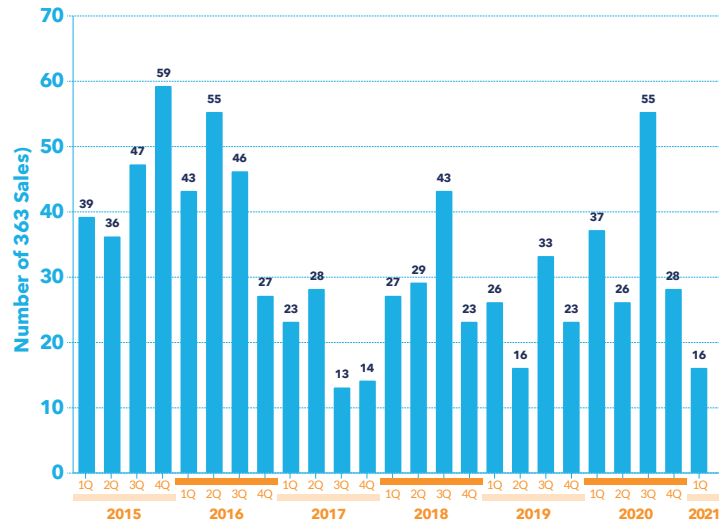
Select DIP Financings (\$30+ million)

DEBTOR	INDUSTRY	DIP DATE	AMOUNT (\$ MILLIONS)	MARGIN OVER LIBOR	TERM/ LENGTH OF AGREEMENT (MONTHS)	UPFRONT FEE
AAC Holding Corp.	Manufacturing	1/15/21	\$35.0	100	18	-
Alpha Media Holdings LLC	Media	2/18/21	\$95.0	800	3	-
CarbonLite Holdings LLC	Environmental Services	3/8/21	\$65.5	1,200	4	3.00%
Extraction Oil & Gas Inc.	Energy	1/20/21	\$500.0	400	6	-
Frontera Holdings LLC	Energy	2/3/21	\$70.0	1,300	9	5.00%
Knotel Inc.	Real Estate	2/1/21	\$40.8	1,200	3	3.00%
Nine Point Energy Holdings Inc.	Energy	3/15/21	\$72.0	800	3	2.00%
Sundance Energy Inc.	Energy	3/9/21	\$50.0	800	2	-

Sources: LCD, an offering of S&P Global Market Intelligence, The Deal, Debtwire, and PACER

DISTRESSED MARKET INDICATORS

Section 363 Sales



Section 363 Sales (Detailed)

DATE ANNOUNCED	TARGET	BUYER	INDUSTRY	DEAL VALUE \$ IN MILLIONS
3/30/21	AeroCentury Corp.	Drake Asset Management Jersey Ltd.	Automotive - Aerospace	\$83.2
1/27/21	Christopher & Banks Corp. - intellectual property, inventory, accounts receivable, furniture, fixtures and equipment	ALCC LLC	Retail - Clothing	\$24.6
2/16/21	Country Fresh Holding Co. Inc.	Stellex Capital Management LP	Retail - Food	\$55.0
3/11/21	EHT US1 Inc.	Madison Phoenix LLC	Business Services	\$470.0
1/8/21	Francesca's Holdings Corp.	Francesca's Acquisition LLC; Tiger Capital Group LLC	Retail	\$19.3
1/6/21	Futures Behavior Therapy Center LLC; Phase Forward Inc.	Mentor Network	Healthcare Services	\$7.5
1/4/21	Impresa Aerospace LLC; Primedia Information	Crestview Aerospace LLC	Automotive - Aerospace	na
2/1/21	Knotel Inc.	Digiatech LLC	Real Estate	\$70.0
3/16/21	Nine Point Energy Holdings Inc.	AB Private Credit Investors LLC	Energy - Exploration	\$250.0
3/25/21	NPC International Inc. - 54 Wendy's Restaurants in the Raleigh metropolitan area	Delight Restaurant Group	Retail - Restaurants	na
1/7/21	NPC International Inc. - restaurants in the Greensboro, Kansas City, Pennsylvania and Raleigh markets	Wendy's International LLC	Retail - Restaurants	\$248.3
2/11/21	PBS Brand Co. LLC	CrowdOut Capital LLC	Retail - Restaurants	na
1/6/21	Phase Forward Inc.; South Bay Mental Health Center Inc.	Mentor Network	Healthcare Services	\$32.0
2/19/21	RentPath LLC	Redfin Corp.	Business Services; Real Estate; Advertising/ Marketing	\$608.0
1/27/21	Spherature Investments LLC	WV Holdings Co. LLC	Transportation	\$57.0
1/19/21	Unipharma LLC	NHTV (AIV) ULM Bidco LLC	Healthcare - Manufacturing	\$87.0

Source: The Deal

DISTRESSED MARKET INDICATORS

Select Bankruptcies

DEBTOR NAME	PETITION DATE	LIABILITIES	ASSETS	INDUSTRY	JURISDICTION
Aventura Hotel Properties, LLC	03/12/2021	\$10,000,001 to \$50 million	\$10,000,001 to \$50 million	Activities Related to Real Estate	Florida Southern
Charleston Orthodontic Specialists, LLC	03/24/2021	\$10,000,001 to \$50 million	\$1,000,001 to \$10 million	Offices of Dentists	South Carolina
Coldwater Development LLC	01/15/2021	\$10,000,001 to \$50 million	\$50,000,001 to \$100 million	Office Administrative Services	California Central
California-Nevada Methodist Homes	03/16/2021	\$50,000,001 to \$100 million	\$10,000,001 to \$50 million	Nursing Care Facilities (Skilled Nursing Facilities)	California Northern
CarbonLite P, LLC	03/08/2021	\$50,000,001 to \$100 million	\$100,000,001 to \$500 million	Other Miscellaneous Manufacturing	Delaware
Christopher & Banks, Inc.	01/13/2021	\$50,000,001 to \$100 million	\$100,000,001 to \$500 million	Clothing Stores	New Jersey
CiCi Enterprises, LP	01/25/2021	\$50,000,001 to \$100 million	\$10,000,001 to \$50 million	Restaurants and Other Eating Places	Texas Northern
Knotel Properties LLC	01/31/2021	\$50,000,001 to \$100 million	\$1,000,001 to \$10 million	Lessors of Real Estate	Delaware
Alpha Media LLC	01/24/2021	\$100,000,001 to \$500 million	\$100,000,001 to \$500 million	Radio and Television Broadcasting	Virginia Eastern
CMC II, LLC	03/01/2021	\$100,000,001 to \$500 million	\$100,000,001 to \$500 million	Nursing Care Facilities (Skilled Nursing Facilities)	Delaware
L'Occitane, Inc.	01/26/2021	\$100,000,001 to \$500 million	\$100,000,001 to \$500 million	Health and Personal Care Stores	New Jersey
Mercy Hospital and Medical Center	02/10/2021	\$100,000,001 to \$500 million	\$100,000,001 to \$500 million	Offices of Physicians	Illinois Northern
Nine Point Energy, LLC	03/15/2021	\$100,000,001 to \$500 million	\$100,000,001 to \$500 million	Oil and Gas Extraction	Delaware
Paper Source, Inc.	03/02/2021	\$100,000,001 to \$500 million	\$100,000,001 to \$500 million	Office Supplies, Stationery, and Gift Stores	Virginia Eastern
South Bay Mental Health Center, Inc.	01/05/2021	\$100,000,001 to \$500 million	\$10,000,001 to \$50 million	Offices of Other Health Practitioners	Massachusetts
Eagle Hospitality Trust	01/18/2021	\$500,000,001 to \$1 billion	\$500,000,001 to \$1 billion	Activities Related to Real Estate	Delaware
Belk, Inc. and Belk Department Stores LP	02/23/2021	\$1,000,000,001 to \$10 billion	\$1,000,000,001 to \$10 billion	Data Processing, Hosting, and Related Services	Texas Southern
Brazos Electric Power Cooperative, Inc.	03/01/2021	\$1,000,000,001 to \$10 billion	\$1,000,000,001 to \$10 billion	Electric Power Generation, Transmission and Distribution	Texas Southern
Frontera Holdings LLC	02/03/2021	\$1,000,000,001 to \$10 billion	\$100,000,001 to \$500 million	Electric Power Generation, Transmission and Distribution	Texas Southern
Seadrill Limited	02/10/2021	\$1,000,000,001 to \$10 billion	\$1,000,000,001 to \$10 billion	Oil and Gas Extraction	Texas Southern

Source: Federal Judiciary

REPRESENTATIVE TRANSACTION

\$87,000,000



has been acquired by



Chief Restructuring Officer

Unipharma LLC was a Tamarac, Florida-based pharmaceutical and health care products manufacturer.

SOLIC professionals served in numerous fiduciary roles including Chief Restructuring Officer, Chief Financial Officer, and Chief Strategy Officer and led the oversight and execution of a successful §363 sales process.

In connection with its reorganization plan and exit from bankruptcy, Unipharma was acquired by New Vision Pharmaceuticals.



NOTES

SOURCES

S&P, Moody's, The Deal, and others as indicated.

The charts and graphs used in this report have been compiled by SOLIC Capital Advisors solely for purposes of illustration.

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