



Quarterly Update Second Quarter 2021



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KEY HIGHLIGHTS

CAPITAL RESTRUCTURING SECOND QUARTER 2021 KEY HIGHLIGHTS

We are pleased to share with you the SOLIConnect 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 and Distress: At the end of second quarter 2021, Moody's and S&P reported default rates of 4.1% and 4.7%, respectively, with both credit agencies forecasting default rates to fall to 1.6% (Moody's by December 2021) and 4.0% (S&P by March 2022). S&P reports that near-term indicators of future defaults suggest a lower default rate ahead, with credit metrics stabilizing, vaccinations proceeding at a solid pace, favorable lending conditions, and a strong economic rebound expected to continue in the second half of this year.

Bankruptcy filings fell to the fewest since 1985 amid Covid-19 stimulus with business filings declining 17% in the year ended June 30 from the previous 12 months. The pace of bankruptcy filings has defied predictions early in the pandemic by economists and experts who had expected an avalanche of bankruptcy filings by both businesses and households. Corporate defaults were also more muted than many expected, thanks in large part to Federal Reserve interventions that made it easier for companies to raise significant debt capital on attractive terms.

During 2Q21 strong market conditions helped stave off problems for weaker credits, reducing the rate of potential defaults. Credit ratings upgrades reversed the tide of downgrades from 2020. A continued lull in bankruptcy filings is expected to persist, with near lows on total filings and debt trading at attractive levels. The average bid price for leveraged loans rose to 98 cents on the dollar as of June 29, 2021, with 26% of outstanding loans pricing at par or above.

Even if lockdowns resume this fall, it is unlikely that an uptick in bankruptcy filings is to materialize until early next year. With corporate debt at an all-time high, many companies remain susceptible to bankruptcy should another downturn occur. A recent flurry of refinancing and debt-exchange activity has temporarily eased investors' fears, but these maneuvers may ultimately amount to no more than temporary stop-gaps.

Financing: The first half of 2021 extended the recovery in leveraged finance markets. Global monetary policies that fueled an abundance of liquidity after the initial pandemic-induced crash in March 2020 also aided a rally to record tight pricing levels in the riskiest corners of corporate credit. Inflation rates and cryptocurrencies all drove sentiment in the second quarter of 2021.

Middle market syndicated loan volume in the second quarter surged past each of the paltry quarterly levels in 2020. Investors had a variety of credits to consider, including sponsor-to-sponsor sales, dividends, M&A and entrepreneur-founder exits. The average first-lien yield to maturity on new middle market loans in the second quarter declined below pre-pandemic levels.

Riskier borrowers continued to find opportunities to reprice debt to lower spreads on their existing loans. Companies that placed loans in 2020, when clearing levels were higher, approached investors as pandemic risks abated, looking to cut interest expense by either refinancing those facilities or repricing them to reset the spread and/or floor. As a case in point, Carnival Corp. & PLC in late May 2021 slashed pricing on a term loan issued in June 2020 to L+300, with a 0.75% Libor floor, from L+750, with a 1% floor. It stands as the largest spread reduction via repricing since 2014.

In a recent LCD Leveraged Loan Survey, given the 4.2% spike in headline CPI in April, potential inflation risks unsurprisingly topped the list of variables that would likely impact credit portfolios in the second half of 2021, with a 25% share of the responses. The withdrawal of Fed liquidity followed, at 18%, and the rate environment came in third, at 16%.

Maturity Wall: Recent refinancings put a large dent in near-term maturities. The volume of loans coming due in 2021-2023 fell by \$6.8 billion between May and June, to about \$66 billion. Further, the volume of loans coming due in 2021-2023 was about \$209.3 billion less at the end of June than it was at the end of 2019.

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




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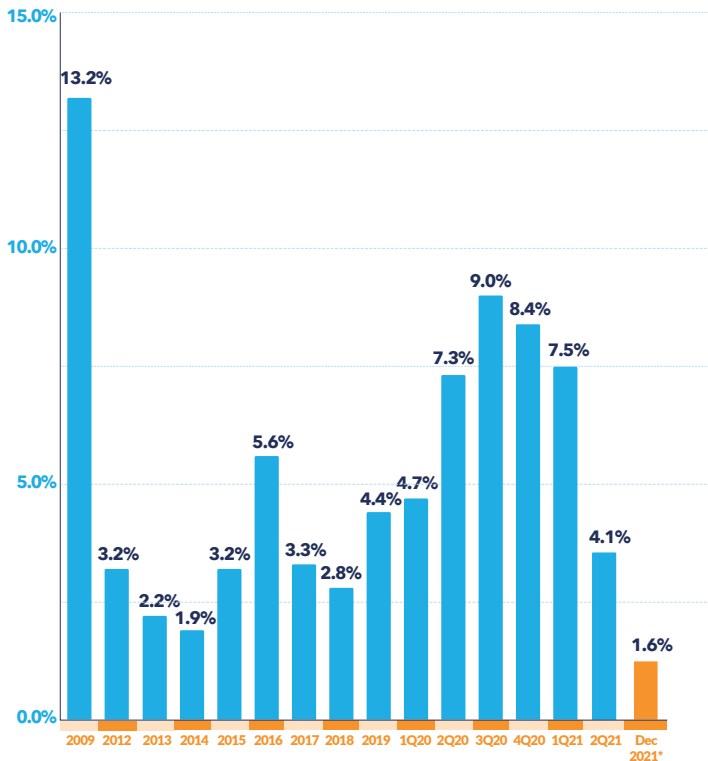

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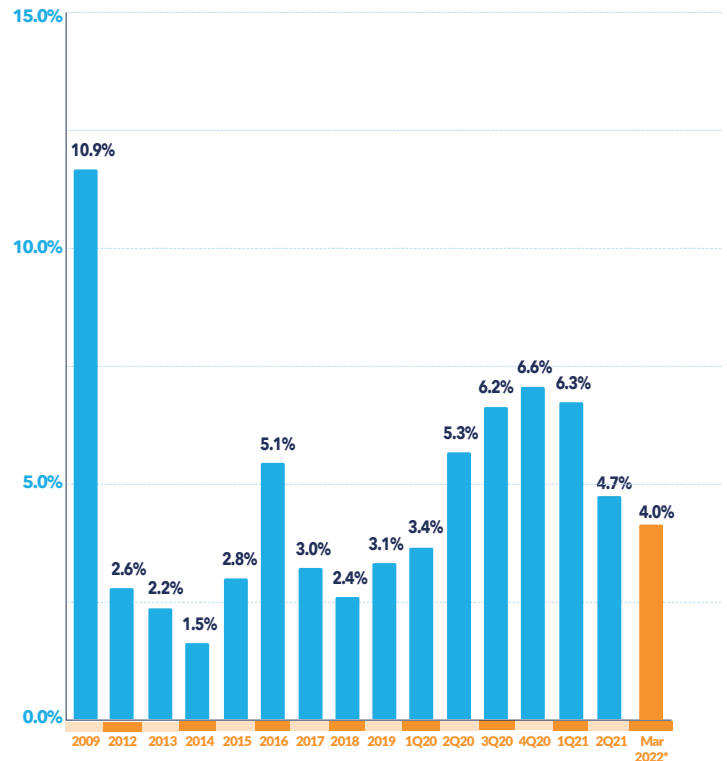
DISTRESSED MARKET INDICATORS

Moody's U.S. Speculative Grade Default Rate



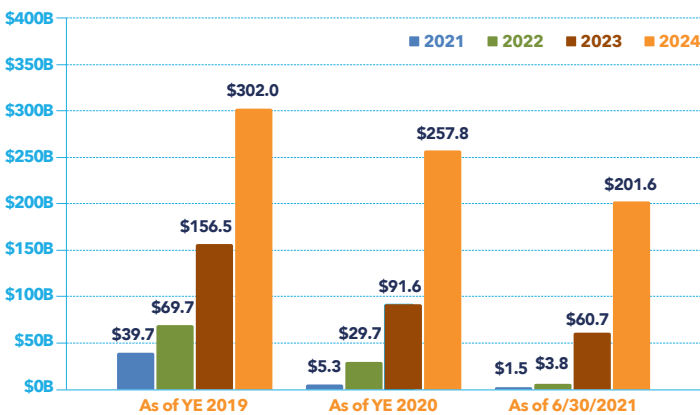
* Forecast
Note: 2014 default rates from Moody's and S&P exclude EFH

S&P U.S. Speculative Grade Default Rate



* Forecast
Note: 2014 default rates from Moody's and S&P exclude EFH

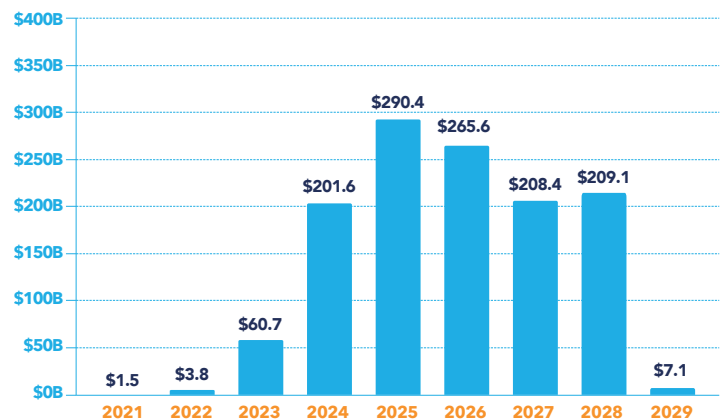
Cumulative Maturity Wall



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

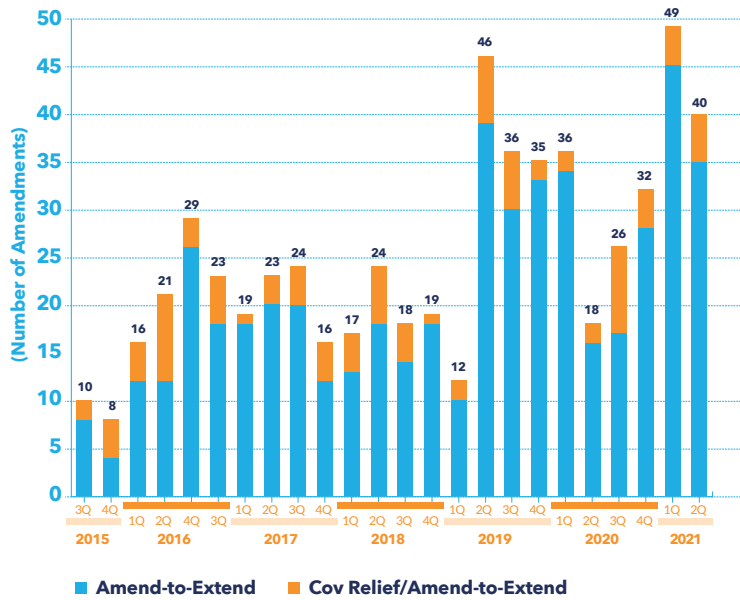


Source: S&P/LSTA Leveraged Loan Index

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

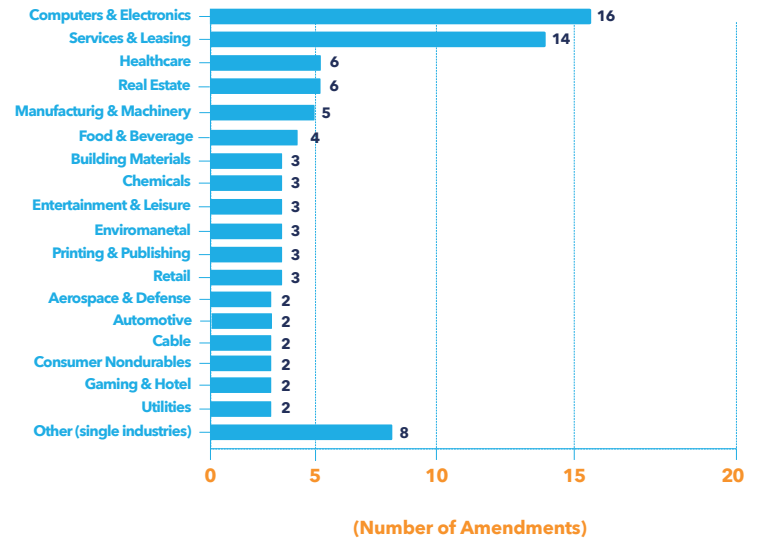
DISTRESSED MARKET INDICATORS

Amend & Extend – Count by Quarter



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

Amend & Extend by Industry - First Half 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
ABM Industries Incorporated	6/28/21	NR	NR	45 months
Allied Universal	5/3/21	B	B2	22 months
Aramark Corp	4/6/21	BB+	Ba2	36 months
Atkore International Group	5/10/21	BB-	NR	36 months
Axalta Coating Systems	5/11/21	NR	NR	24 months
Booz Allen Hamilton Inc	6/24/21	NR	NR	35 months
Bright Horizons Family Solutions Inc	5/26/21	BB-	B1	45 months
Certara, LP (Amend Add-on 4/18)	6/17/21	B+	B2	24 months
Certara, LP (RC 8/17)	6/17/21	B+	B2	36 months
Cinemark USA Inc	6/15/21	BB-	Ba3	24 months
CryoLife (RC 12/17)	6/2/21	B	B2	30 months
CryoLife (TL 12/17)	6/2/21	B	NR	30 months
Daseke Inc	4/29/21	B	B2	14 months
Dillard's Inc	4/28/21	BB-	NR	44 months
Donnelley Financial Solutions Inc	5/27/21	BB	NR	29 months
Emerald Expositions Holdings	6/25/21	NR	NR	18 months
Entegris	4/20/21	BBB-	Baa3	36 months
Environmental Resources Management	6/2/21	B	B1	24 months

DISTRESSED MARKET INDICATORS

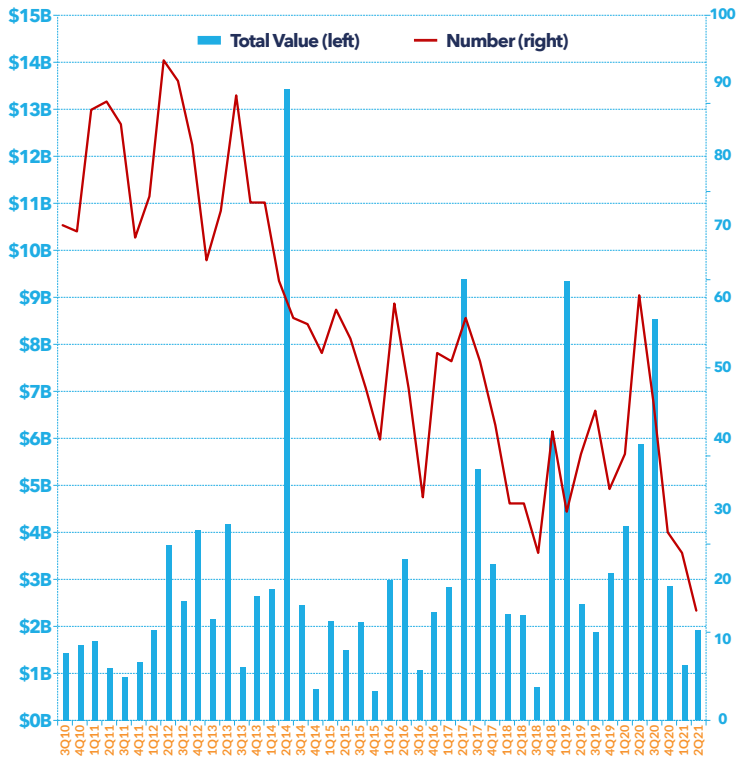
Amend & Extend Deals (cont'd)

NAME	AMEND DEAL DATE	S&P LOAN RATING	MOODY'S LOAN RATING	EXTENSION
Enviva Partners LP	4/16/21	NR	NR	42 months
Forestar Real Estate Group Inc.	4/16/21	NR	NR	30 months
Four Corners Property Trust (10/17)	6/4/21	NR	NR	48 months
Four Corners Property Trust (10/17)	6/4/21	NR	NR	36 months
Global Partners LP	5/5/21	BB	NR	25 months
Hayward Industries	5/11/21	NR	NR	48 months
Learfield Communications	6/22/21	CCC+	B3	21 months
Lions Gate Entertainment Corp	4/6/21	B+	Ba2	36 months
M/I Homes Inc	6/10/21	NR	NR	24 months
Milk Specialties (TL 8/16)	6/14/21	B	B2	24 months
Milk Specialties (Amend 2/17)	6/14/21	B	B2	24 months
NortonLifeLock	5/7/21	BB+	Baa3	18 months
Pacific Gas & Electric (RC 7/20 \$500M)	6/22/21	NR	NR	11 months
Pacific Gas & Electric (RC 7/20 \$4B)	6/22/21	NR	NR	35 months
PQ Corp	6/9/21	BB-	B1	15 months
Revlon Consumer Products Corp	5/7/21	NR	NR	11 months
Royal Caribbean Cruises Ltd	4/5/21	B+	NR	18 months
Surgery Partners	4/27/21	B-	B1	24 months
TransDigm Inc	5/24/21	B+	B1	41 months
TRI Pointe Homes Inc	6/10/21	NR	NR	39 months
US Ecology Inc	6/29/21	NR	NR	19 months
WEX Inc	4/1/21	BB-	Ba2	33 months

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

DISTRESSED MARKET INDICATORS

DIP Financings



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
2Q 2021			
Mean (\$100MM+)	400	12	1.50%
Median (\$100MM+)	400	12	1.50%
Mean (\$30-\$100MM)	964	5	1.25%
Median (\$30-\$100MM)	990	5	1.25%
2Q 2020			
Mean (\$100MM+)	754	7	2.78%
Median (\$100MM+)	800	6	2.63%
Mean (\$30-\$100MM)	743	5	2.56%
Median (\$30-\$100MM)	750	6	2.63%

Notes: Some of the reported interest may be PIK interest as reported
Implied margin over 3-month LIBOR as a result of fixed rate pricing
Sources: LCD, an offering of S&P Global Market Intelligence, The Deal, Debtwire, and PACER

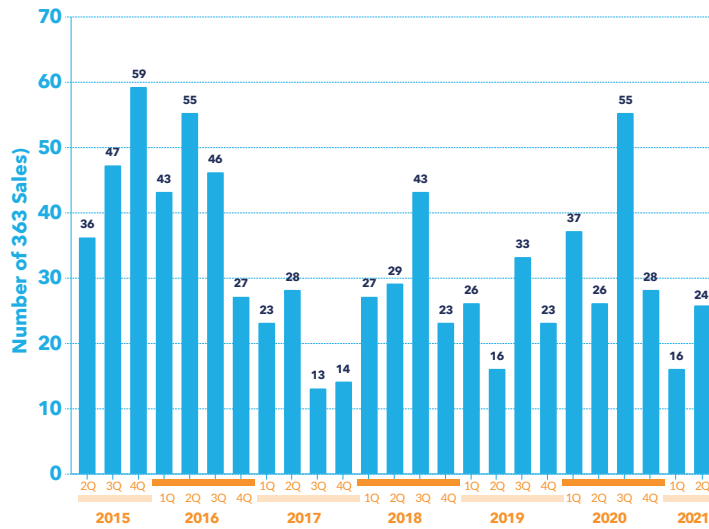
Select DIP Financings (\$30+ million)

DEBTOR	INDUSTRY	DIP DATE	AMOUNT (\$ MILLIONS)	MARGIN OVER LIBOR	TERM/ LENGTH OF AGREEMENT (MONTHS)	UPFRONT FEE
Frontier Communications	Telecom	4/6/21	\$1,475.0	375	12	-
Hospitality Investors Trust Inc.	Real Estate	5/19/21	\$65.0	1,480	6	-
Katerra Inc.	Construction	6/7/21	\$35.0	990	3	-
N. G. Purvis Farms Inc.	Agriculture	5/7/21	\$53.5	850	7	-
Secure Home Holdings LLC	Business Services	4/26/21	\$45.0	500	3	1.0%
TECT Aerospace Group Holdings Inc.	Manufacturing	4/6/21	\$60.2	1,000	-	1.5%
Washington Prime Group Inc.	Real Estate	6/13/21	\$100.0	425	-	1.5%

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

DISTRESSED MARKET INDICATORS

Section 363 Sales



Source: The Deal

Section 363 Sales (Detailed)

DATE ANNOUNCED	TARGET	BUYER	INDUSTRY	DEAL VALUE \$ IN MILLIONS
5/20/21	Adara Enterprises Corp.	ESW Capital LLC	Technology; Business Communications	na
4/9/21	ASAIG LLC	An investor group	Services - Business Services	\$25.6
6/1/21	Avadim Health Inc.	Midava Holdings 3 Inc.	Healthcare	\$70.0
5/4/21	CarbonLite Holdings LLC - Pennsylvania plant	DAK Americas LLC	Environmental Services	\$98.1
5/27/21	CarbonLite Holdings LLC - Dallas plant	Indorama Ventures Holdings LP	Environmental Services	\$63.9
5/27/21	CarbonLite Holdings LLC - Riverside, California plant	Sterling Group LP	Environmental Services	\$57.5
4/22/21	Carla's Pasta Inc.	Tribe 9 Foods LLC	Manufacturing; Food	\$27.7
4/28/21	Connections Community Support Programs Inc.	Conexio Care Inc.	Non Profit Organizations	\$10.0
6/21/21	CP Holdings LLC	Tor Asia Credit Master Fund LP	Healthcare; Real Estate	na
5/21/21	EHT US1 Inc. - Double Tree Salt Lake City airport	BPEHT LLC	Automotive - Aerospace	\$33.8
5/21/21	EHT US1 Inc. - Four Points San Jose airport	BPEHT LLC	Real Estate	\$41.1
5/21/21	EHT US1 Inc. - Hilton Atlanta North assets	FullG Capital Ltd.	Real Estate	\$38.2
5/21/21	EHT US1 Inc. - nine properties	Madison Phoenix LLC	Leisure; Real Estate	\$326.5
5/21/21	EHT US1 Inc. - Sheraton Denver tech center	Solid Rock Ventures LLC	Real Estate	\$9.2

DISTRESSED MARKET INDICATORS

Section 363 Sales (Detailed cont'd)

DATE ANNOUNCED	TARGET	BUYER	INDUSTRY	DEAL VALUE \$ IN MILLIONS
5/6/21	Henry Ford Village Inc.	HFV Opco LLC	Healthcare; Real Estate	\$76.3
5/12/21	Hertz Corp.	Certares Management Corp.; Knighthood Capital Management LLC; Apollo Global Management Inc.	Consumer; Retail; Transportation	\$6,000.0
5/13/21	MobiTV Inc.	TiVo Corp.	Technology - Wireless	\$18.5
5/11/21	Paper Source Inc.	Elliott Investment Management LP	Manufacturing; Retail	na
4/13/21	Shiloh Industries Inc.	Aludyne Inc.	Automotive	na
6/4/21	Spherature Investments LLC	Verona International Holdings Inc.	Transportation	\$82.5
5/10/21	TECT Aerospace Group Holdings Inc.	Wipro Givon USA Inc.; Wipro Ltd.	Automotive - Aerospace	\$31.1
6/23/21	Vascular Access Centers LP	American Endovascular & Amputation Prevention; Endovascular Health Services Inc.	Healthcare - Diagnostics	na
5/19/21	Vtesse LLC	Mandos LLC	Healthcare	\$1.0
4/30/21	Wirecard (Vietnam) Co. Ltd.	BC Card Co. Ltd.	Financial Services	na

Source: The Deal

DISTRESSED MARKET INDICATORS

Select Bankruptcies

DEBTOR NAME	PETITION DATE	LIABILITIES	ASSETS	INDUSTRY	JURISDICTION
1917 Heights Hospital, LLC	06/01/2021	\$10,000,001 to \$50 million	\$100,000,001 to \$500 million	General Medical and Surgical Hospitals	Texas Southern
Grill Concepts, Inc.	04/28/2021	\$10,000,001 to \$50 million	\$10,000,001 to \$50 million	Restaurants and Other Eating Places	California Central
Verano Recovery, LLC	05/19/2021	\$10,000,001 to \$50 million	\$10,000,001 to \$50 million	Outpatient Care Centers	California Central
WB Supply LLC	04/20/2021	\$10,000,001 to \$50 million	\$10,000,001 to \$50 million	Building Material and Supplies Dealers	Delaware
Bear Communications, LLC	05/28/2021	\$50,000,001 to \$100 million	\$10,000,001 to \$50 million	Other Telecommunications	Kansas
Buffets, LLC	04/20/2021	\$50,000,001 to \$100 million	\$1,000,001 to \$10 million	Restaurants and Other Eating Places	Texas Northern
Connections Community Support Programs, Inc.	04/19/2021	\$50,000,001 to \$100 million	\$50,000,001 to \$100 million	Psychiatric and Substance Abuse Hospitals	Delaware
L&L Wings, Inc.	04/24/2021	\$50,000,001 to \$100 million	\$10,000,001 to \$50 million	Clothing Stores	New York Southern
OFS International, LLC	05/31/2021	\$50,000,001 to \$100 million	\$10,000,001 to \$50 million	Oil and Gas Extraction	Texas Southern
Pacrim U.S. LLC	06/20/2021	\$50,000,001 to \$100 million	\$10,000,001 to \$50 million	Skilled Nursing Facilities	Delaware
Alex and Ani, LLC	06/09/2021	\$100,000,001 to \$500 million	\$100,000,001 to \$500 million	Jewelry, Luggage, and Leather Goods Stores	Delaware
Avadim Health, Inc.	05/31/2021	\$100,000,001 to \$500 million	\$10,000,001 to \$50 million	Other Miscellaneous Manufacturing	Delaware
Buckingham Senior Living Community, Inc.	06/25/2021	\$100,000,001 to \$500 million	\$100,000,001 to \$500 million	CCRCs and Assisted Living Facilities for the Elderly	Texas Southern
GVS Portfolio I, LLC	06/17/2021	\$100,000,001 to \$500 million	\$100,000,001 to \$500 million	Management of Companies and Enterprises	Texas Northern
Relion Manufacturing, Inc.	05/31/2021	\$100,000,001 to \$500 million	\$1,000,001 to \$10 million	Medical Equipment & Supplies Manufacturing	Delaware
TECT Aerospace, LLC	04/06/2021	\$100,000,001 to \$500 million	\$50,000,001 to \$100 million	Aerospace Product and Parts Manufacturing	Delaware
Automotores Gildemeister SpA	04/12/2021	\$500,000,001 to \$1 billion	\$500,000,001 to \$1 billion	Automobile Dealers	New York Southern
Katerra, Inc.	06/06/2021	\$1,000,000,001 to \$10 billion	\$500,000,001 to \$1 billion	Residential Building Construction	Texas Southern
Stoneway Energy LP	04/07/2021	\$1,000,000,001 to \$10 billion	\$500,000,001 to \$1 billion	Electric Power Generation, Transmission and Distribution	New York Southern
Washington Prime Group Inc. and Fairfield Town Center, LLC	06/13/2021	\$1,000,000,001 to \$10 billion	\$1,000,000,001 to \$10 billion	Activities Related to Real Estate	Texas Southern

Source: Federal Judiciary

REPRESENTATIVE TRANSACTION

\$1,500,000,000



has been acquired by



Financial Advisor /
Chief Wind-Down Officer

NHW Healthcare, Inc. is the wind-down entity related to the former New Hanover Regional Medical Center (NHRMC) located in Wilmington, NC, which was a three-hospital system with 855 beds.

SOLIC was retained by NHW Healthcare, Inc. (the wind-down entity that remained after the NHRMC assets were acquired by Novant Health) as financial and operational advisor to provide wind-down oversight to manage the liquidation of retained assets and run-off of retained liabilities to facilitate the funding of a \$1.3 B Trust to benefit the well-being of the communities of Southeastern Coastal Carolina.

SOLIC's role and restructuring initiatives included the following:

- *Served as Chief Wind-Down Officer/CRO, Chief Financial Officer, EVP of Strategy, EVP of Human Resources and VP of Finance for NHW Healthcare, Inc., the wind-down entity holding all legacy retained assets and liabilities*
- *Oversighting the reconciliation of various purchase price adjustments with Novant including working capital balances, various vendor liabilities, and indemnity claims*
- *Managing the settlement of regulatory compliance matters, employee liabilities, and various retained litigation matters*
- *Performing all financial accounting back-office functions and working with various financial professionals to oversight financial audits, schedule of expenditures of federal awards ("SEFA") audits, Medicare and Medicaid cost reports analysis and related filings, provider relief funds reporting, and tax returns*



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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Our firm offers a comprehensive suite of services to assist our clients including: SOLIC Capital Advisors (financial advisory), SOLIC Capital, LLC (FINRA Registered Broker/Dealer), SOLIC Capital Management (asset management services and Registered Investment Advisor - RIA), and SOLIC Capital Partners (principal investing).

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