

Private Debt – Lower-Mid Market (“Mittelstandsfinanzierung”) in Northern Europe

13. Oktober 2022

CAPITAL
FOUR

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Contents

- 01 Capital Four
- 02 Nordic & Northern European Lending
- 03 Private Debt Platform
- 04 Investment Process
- 05 ESG
- 06 Private Debt Funds

Credit Boutique With Global Footprint

€16+bn
AUM



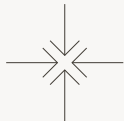
120+
Employees



5
Core Strategies

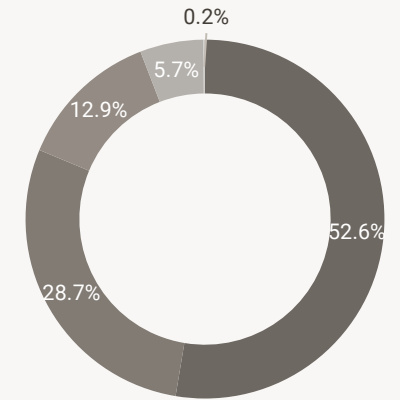


20 yr
Track Record Of
Outperformance



- Capital Four office
- Representative partners

Entrusted by Leading Investors



- Pension/Insurance
- Consultant Advised Wealth Platforms
- Foundation & Family Offices
- Financial Institutions
- C4 Employees

Focused Manager with Scaled Leveraged Finance Platform

- Corporate credit specialist platform
- Fundamental bottom-up research approach
- Investment Committee anchors decision-making across strategies

High Yield		Leveraged Loans		Multi-Asset Credit		Structured Credit		Direct Lending	
AuM	€5.8bn	AuM	€4.1bn	AuM	€2.7bn	AuM	€0.6bn**	AuM	€2.8bn
Characteristics									
Inception	2001	Inception	2013	Inception	2010	Inception	2019	Inception	2013
Regional Focus	EU, US, Global	Regional Focus	EU, US, Global	Regional Focus	Global	Regional Focus	EU	Regional Focus	Nordic
Liquidity	Daily	Liquidity	Bi-weekly	Liquidity	Daily, Weekly	Liquidity	Daily; Quarterly	Liquidity	Closed-ended
Annualized return*	6.78%	Annualized return*	3.21%	Annualized return	7.02%	Annualized return	-0.22% (IG) 1.89% (EQ)	IRR	9.28% (snr) 11.06% (flex)
Annualized alpha*	+124bps	Annualized alpha*	+155bps	Annualized alpha	+160bps				

Source: Capital Four. As of June 30, 2022. High Yield and Leveraged Loans returns are Gross of Fees. Multi-Asset Credit, Structured Credit and Private Debt returns are Net of Fees. *Based on composite data. **Includes structured credit assets under management in multi-asset credit funds and mandates. All performance numbers are in EUR. For illustrative purposes only. No guarantee that Capital Four will be able to implement its investment strategy or achieve its objectives. Past performance is not indicative of future results

Contents

- 01 Capital Four
- 02 Nordic & Northern European Lending**
- 03 Private Debt Platform
- 04 Investment Process
- 05 ESG
- 06 Private Debt Funds

Why Nordic & Northern European Direct Lending?

Attractive Geographic Region



- Robust Economic Fundamentals
- Creditor Friendly
- Flexible Economic Environment

Less Competition from Peers



- Established & Growing Nordic and Northern European Private Equity Market
- Low Penetration by Direct Lenders
- Nordics are under-represented in Peers Portfolios

Strong Creditor Protections

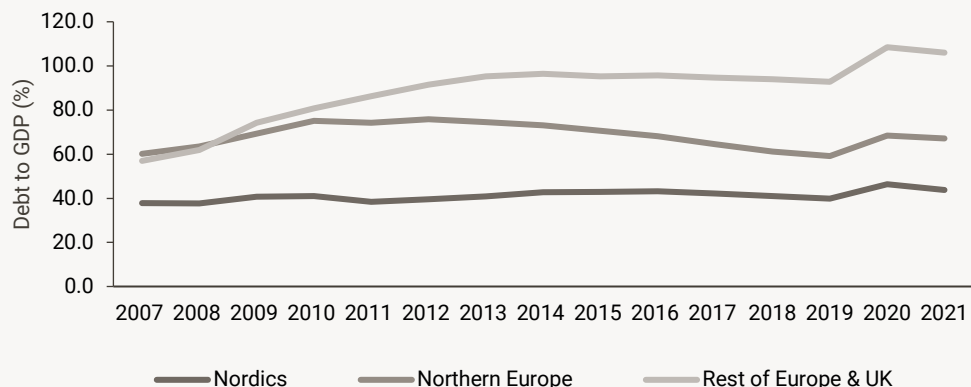


- Effective Covenants
- Conservative Regional Banks

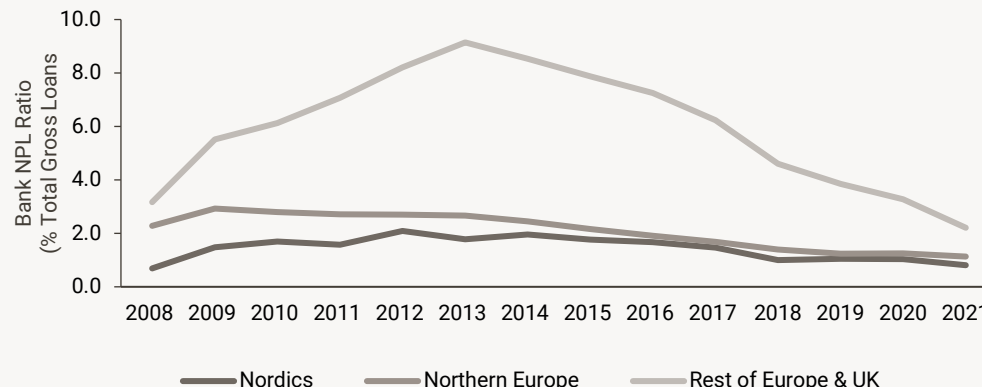
Attractive Geographic Region

Stable fundamentals & creditor-friendly jurisdictions

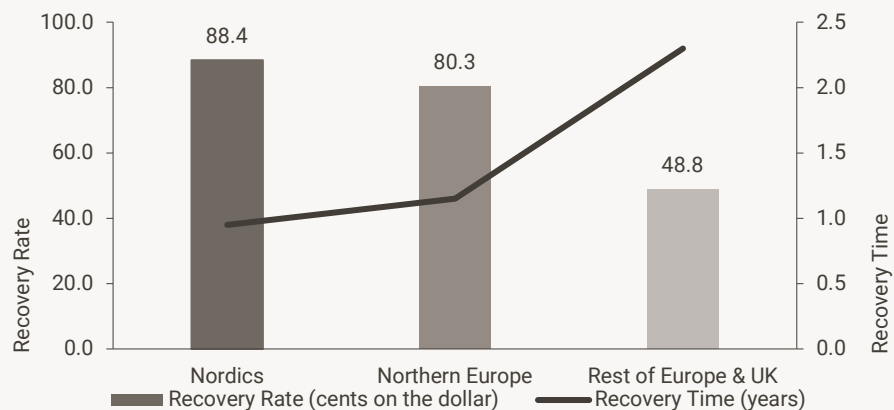
Low Public Debt % of GDP



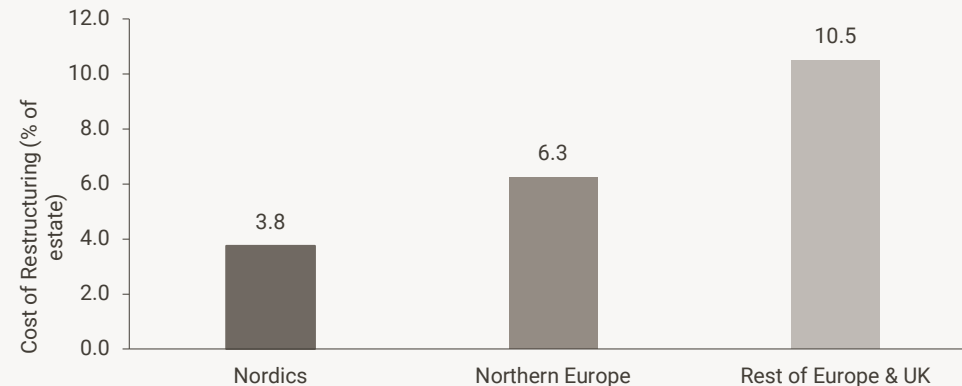
Solid Borrower Environment



High Recovery Rates



Low Restructuring Costs

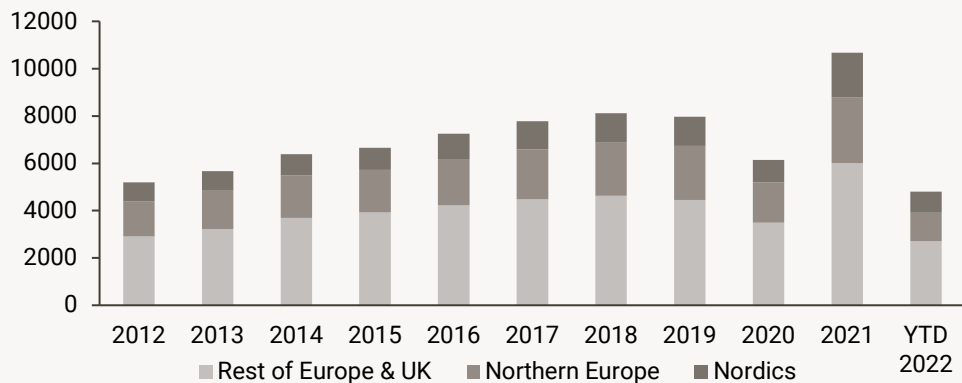


Source: ECB, World Bank, Eurostat, CEIC. All charts are updated June 2022 with latest available data. Nordics include Denmark, Finland, Norway, Iceland and Sweden. Northern Europe includes DACH and Benelux.

Low Penetration by Direct Lending Peers

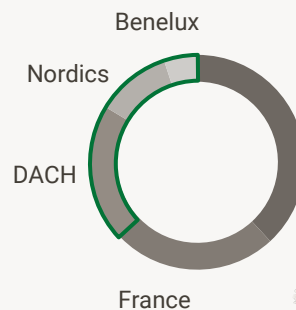
Growing & Robust Transaction Activity in the Investment Regions

Number of M&A and Buyout Transactions by Region



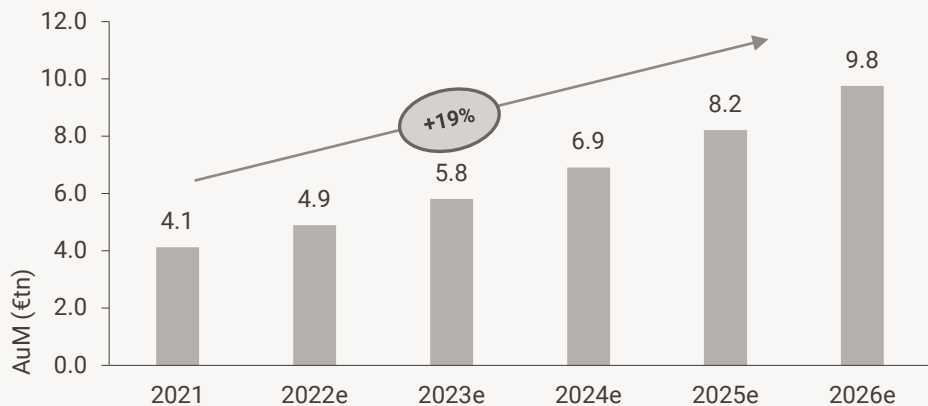
Low Competition from Direct Lending Peers

% Direct Lending Funds by Investment Regions - 2009 to present

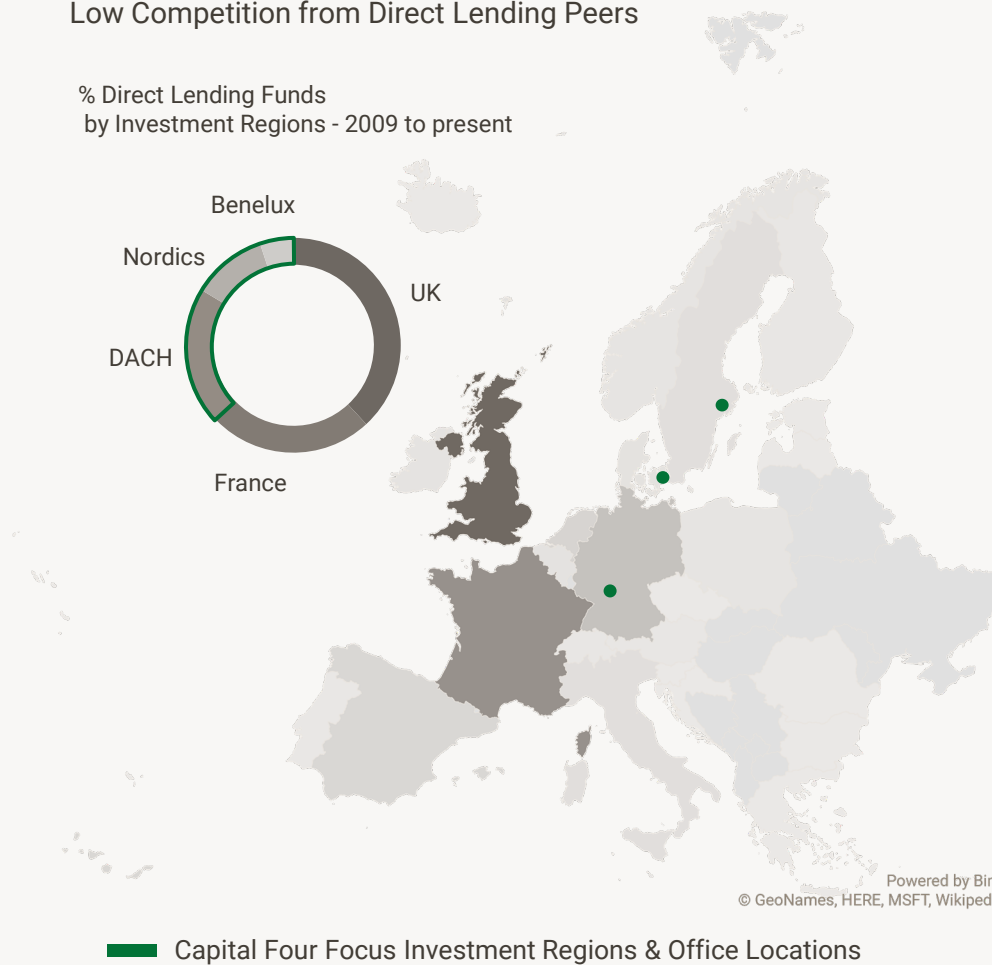


Rising Private Equity Dry Powder provides consistent Deal flow

Global Private Equity & Venture Capital AuM Forecast 2021 – 2026 in € trillion



Source: Preqin, Mergermarket. All charts are updated June 2022 with latest available data. Nordics include Denmark, Finland, Norway, Iceland and Sweden. Northern Europe includes DACH and Benelux.



Structures, Seniority and Ranking

	Senior				Junior				
	Dir. Lending (L. Mid Mrkt.)	Dir. Lending (Mid Mrkt.)	Banks (Nordic)	Synd. Loans (1st Lien)	Private Debt Last-Out (1L)	Private Debt 2nd Lien	Private Debt Mezz./HoldCo	Synd. Loans* (2nd Lien)	High Yield (Subordinated)
EBITDA - Target (EURm)	10-20	20-50	<50	>50	10-20	10-20	10-20	>50	>50-100
LTV	40-50%	45-55%	35-45%	50-60%	45-55%	45-55%	45-55%	50-60%	50-60%
Discount Margin (3Y, Bps)	~700-800	~600-700	~450	~400-600	~800-900	~900-1,000	~900-1,500	~700-900	~400-700
Structural Seniority (vs Subordination)	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No
Contractual Seniority (vs Subordination)	Yes	Yes	Yes	Yes	Yes/No	No	No	No	No
Maintenance Covenants	++	+	+++	n/a	++	+	n/a/+**	n/a	n/a
Secured vs Unsecured)	Yes	Yes	Yes	Yes	Yes	Yes	Yes***	Yes	No
Floating Rate (vs Fixed)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
Liquidity (Secondary Market)	n/a	n/a	n/a	++	n/a	n/a	n/a	+	+++

*) Syndicated (club) and pre-placed 2nd Lien (alternatively as unsecured subordinated) . **) Lower-Middle Market Mezzanine./HoldCo private debt loans indirectly benefits from better maintenance covenants in the senior (1L) structure (to ensure de-leveraging) ***) Sharepledge in HoldCo

Contents

- 01 Capital Four
- 02 Nordic & Northern European Lending
- 03 Private Debt Platform**
- 04 Investment Process
- 05 ESG
- 06 Private Debt Funds

Capital Four Private Debt

Strong Sourcing Channel



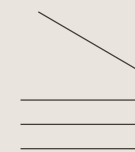
- Dedicated local origination team of 12 Professionals
- Strong and diverse sourcing network built over 20 years with sponsors
- Independence and professionalism valued by sponsors

Highly Selective Manager



- Lack of competitors and growing market leads to ability to be selective
- 850+ deals reviewed last 5 years, 87 investments made*

Experienced Team with compelling returns



- Historic outperformance through low default losses
- Bespoke structuring for downside protection
- Covenants set to mitigate specific risk factors identified
- Consistent performance through COVID-19

Note: *Selected investments as of October 4, 2022 (incl. add-on investments and refinancings of existing holdings). 62 investments made excl. add-on investments and refinancings of existing holdings.

Fund Overview

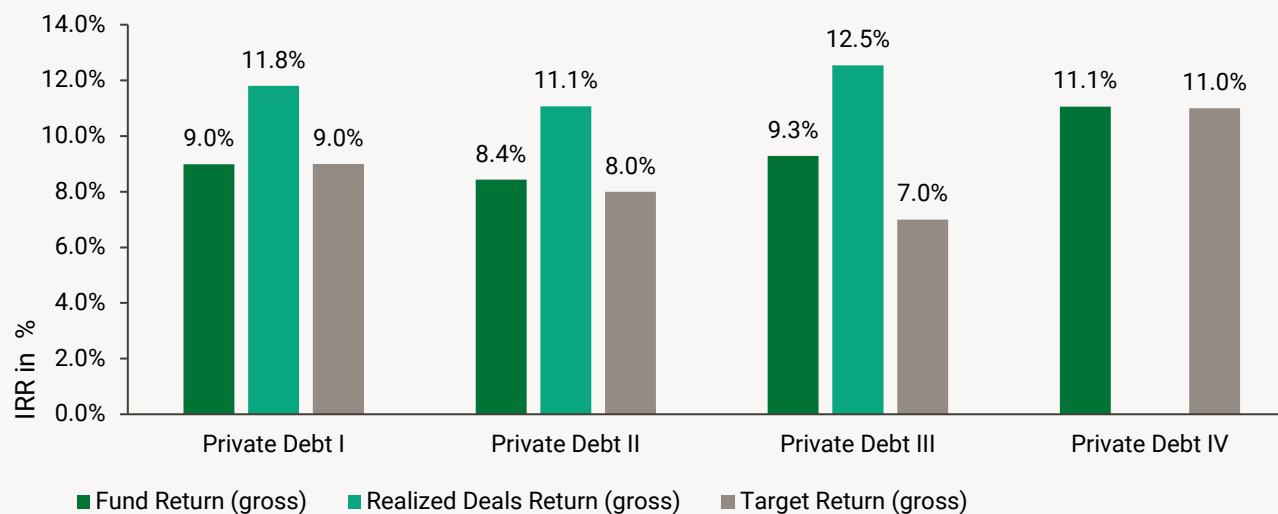
Experienced manager with compelling returns

	Private Debt I	Private Debt II	Private Debt III – Senior	Private Debt IV	Private Debt V – Senior
Inception Year	2015	2018	Q3 2020	Q2 2021	Q3 2022
Seniority	Flexible	Flexible	Senior Only	Flexible	Senior Only
Geographical Focus	Nordics	Nordics & Northern Europe	Nordics & Northern Europe	Nordics & Northern Europe	Nordics & Northern Europe
Company size € mn EBITDA (lower middle-market focus)	5-10	10	10-20	10-20	10-20
Status	Fully Deployed	Fully Deployed	Investing	Investing, Fundraising	Fundraising
Capital Committed € mn	135	336	1440 ¹ (1000 Target)	350 ¹ (500 Target)	800 ⁵ (3000 Hard cap)
Capital Deployed in the Fund € mn ²	170	411	1323 ¹	233 ¹	-
Capital Arranged € mn ³	195	891	1787 ¹	281 ¹	-
Number of Deals (expected)	21	28	28 ¹ (25-30)	9 ¹ (20-30)	(30-50)
Current IRR (gross) ⁴	9.0%	8.4%	9.3%	11.1%	E+7-8%
Current IRR (net) ⁴	8.2%	7.1%	8.0%	9.4%	E+6-7%

Source: Capital Four. As of June 30, 2022. ¹As of October 4, 2022. ²Cumulative capital deployed in the fund (incl. re-investments from early repayments). ³Cumulative capital arranged by Capital Four across the capital structure of the underlying deals (incl. Co-investments and partial allocations to Co-Investment vehicles managed by Capital Four, before Syndications). ⁴IRR for initial investors in A share class, at cost, net of impairments with amortization of OID over a three-year period. Hedged to EUR. ⁵Soft commitments at launch for fund vintage.

Proven Track Record Across Vintages

Capital deployed across diversified industries and capital structures

Return Statistics (Gross IRR, EUR)¹

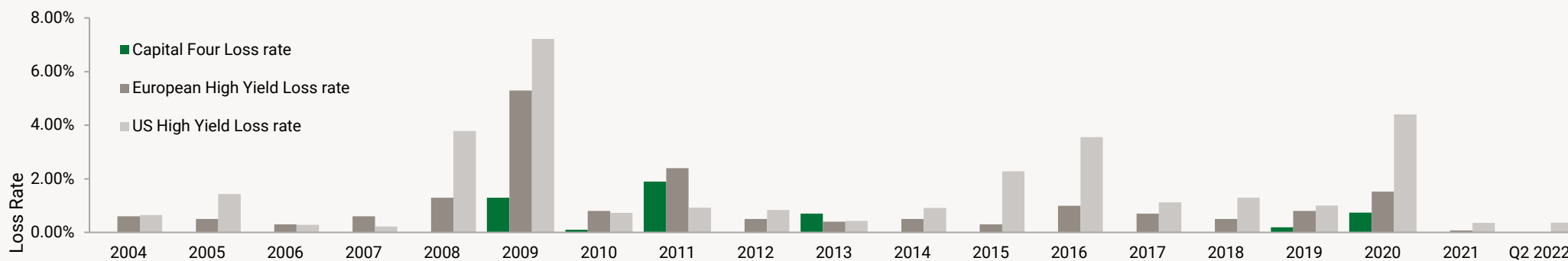
Fund Statistics

Fund	Private Debt I	Private Debt II	Private Debt III	Private Debt IV
Inception	2015	2018	2020	2021
Capital Arranged € mn ²	195	891	1787	281
Instrument Leverage (at close)	5.4x	4.5x	4.3x	4.8x

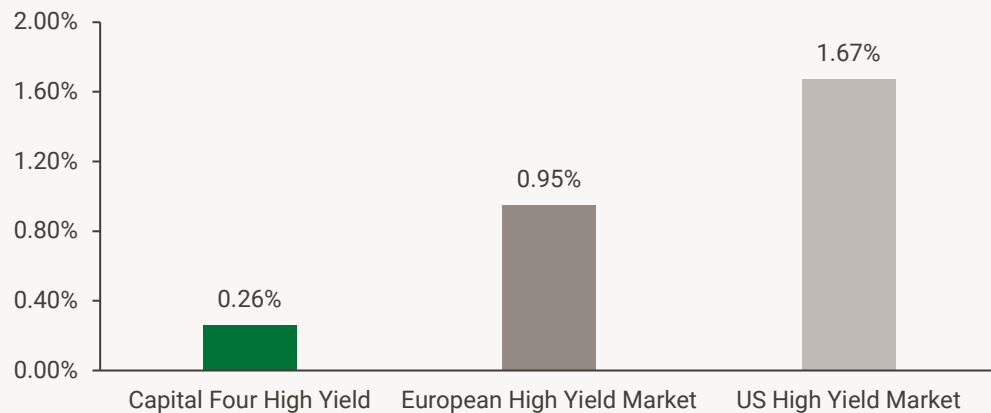
Source: Capital Four. As of June 30, 2022. Private Debt III and Private Debt IV Capital Arranged as of October 4, 2022. ¹IRR for initial investors in A share class, at cost, net of impairments with amortization of OID over a three-year period. ²Cumulative capital arranged by Capital Four across the capital structure of the underlying deals (incl. Co-investments and partial allocations to Co-Investment vehicles managed by Capital Four, before Syndications).

Investment Process with Proven Default Loss Protection

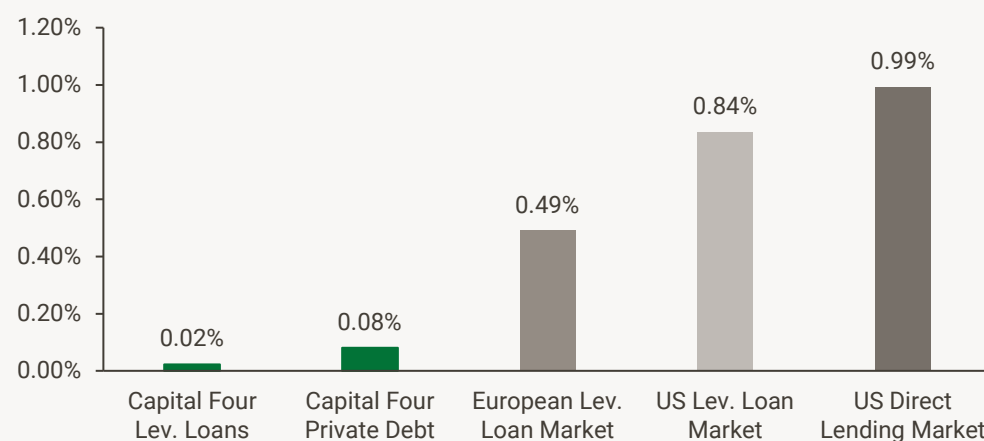
Strong Loss Protection in Both High Yield and Loans



European High Yield – Avg. Annual Default Loss (Since 2001)



European Loans and Private Debt – Avg. Annual Default Loss (Since 2013)



Source: Capital Four, Credit Suisse, Cliffwater. As of June 30, 2022. Capital Four Private Debt Average Annual Default Loss based on default loss incurred at the time of restructuring (value weighted based on origination price). US Direct Lending Market reflected by Cliffwater Direct Lending Index showing net realized losses incurred at default of directly originated US middle market loans (value weighted methodology).

Contents

- 01 Capital Four
- 02 Nordic & Northern European Lending
- 03 Private Debt Platform
- 04 Investment Process**
- 05 ESG
- 06 Private Debt Funds

Private Debt Resources Supported by Integrated Platform

Investment Committee with > 20yrs average experience

Security Selection Committee

Sandro Naef, CEO
Partner, 28 Years
PM, Member IC

Torben Skødeberg, CFA
Partner, 24 Years
PM, Member IC

Mikkel Sckerl
Partner, 20 Years
PM, Member IC

Rene Kallestrup, PhD
Partner, 16 Years
PM, Member IC

Sourcing & Structuring

Per S. Kristensen
Director, 17 Years

Caroline Soliman
Director, 22 Years

Jan Hebler
Director, 24 Years

Alexander Wahlman
Vice President

Kasper Dalsgaard-Thomsen
Vice President

Mads Overgaard
Vice President; Portfolio.Opt.

Kristoffer Arvedsen
Vice President

Christian Skovsgaard
Vice President

Hjalti Skaftason
Vice President

TBA
Vice President

Aksel Seifert
Associate

Joakim Waagø Nergaard
Associate

+3 Support Analysts

Distressed

Michael Beierholm
Director, 14 Years

Aske Taastrøm
Vice President

+ 4 Support Analysts

Sector Research

Ami Dogra
Director, 22 Years

Jacob Sjølin
Director, 15 Years

Peter Bierregaard
Director, 13 Years

- Basic Industries
- Energy, Utilities
- Chemicals
- Technology
- Packaging, Services
- Consumer

- Capital Goods
- Healthcare
- Transportation
- Media, Telecom
- Financials
- Leisure

+8 Directors
+11 Analysts & Associates
+10 Support Analysts

Overview of Private Debt Investment Process

Collaboration of more than 45 investment professionals leveraging full platform knowledge



Contents

- 01 Capital Four
- 02 Nordic & Northern European Lending
- 03 Private Debt Platform
- 04 Investment Process
- 05 ESG**
- 06 Private Debt Funds

Our ESG Fundamentals

Integrated Values throughout the investment process



Responsible Investing

We aim to deliver competitive, risk-adjusted financial returns to our clients, based on an investment approach that reflects the significance of sustainability risks and impacts.



ESG Integration

Our investment process is driven by bottom-up fundamental research analysis and full integration of sustainability risks and opportunities, assessed through the proprietary ESG Scoring Framework.




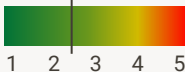



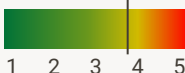

Engagement

We are committed to actively engage with companies we invest in to improve their nonfinancial disclosure and enter a dialogue around setting explicit reward-linked sustainable performance targets.

Capital Four is a signatory of:



Selected ESG Case Studies in Private Debt

Company	Business Overview	ESG Assessment	ESG Score	Deal Info
	<p>ESG Linked Loan with meaningful sustainability KPIs</p> <ul style="list-style-type: none"> - Danish manufacturer and seller of ergonomic computer mice. - Market driven by increasing employee/employer focus on ergonomic office equipment to avoid work-related injuries. - Lean operational setup with outsourced manufacturing and in-housed assembly, ensuring consistent, high margins. 	<ul style="list-style-type: none"> - ESG Margin Ratchet linked to GHG emissions with external verification under SBTi* – +/- 15 bps Margin Ratchet - Products actively support employee health and prevent workplace-related injuries, as well as contribute to employee workplace satisfaction. - Highly committed to gender equality. Production facilities have low GHG emissions, and all scope 1+2 GHG emissions are tracked and documented. 	<p>Capital Four ESG Score: 2.3</p> <p>General Score: 2.2 E: 2.0 S: 3.0 G: 2.0</p> 	 <p>Sector: Consumer Goods Sponsor: PE Sponsored Instrument: Loan Senior Spread: E+625 Floor: 0bps Price: 97.00 3Y DM: 778bps Committed: EUR 45.0m Rating: BB-</p>
<p>April 2021</p>	<p>Industry leading ESG process</p> <ul style="list-style-type: none"> - Leading global reseller of IT equipment (using OEMs like HP and Dell) and support provider in key solutions as well as value-added services. - Very strong relationship with the UN and sister organizations with high wallet share. - Important supplier of IT equipment with worldwide reach. The company expanded its customer base to other NGO's, NPO's and corporates. 	<ul style="list-style-type: none"> - Annual ESG Assessment by the UN and integrated ESG and Anti Bribery and Corruption (ABC) processes. - Comprehensive sustainability report in place for more than 5 years. - Strong policy implementation through shared responsibility for ESG across the management board. 	<p>Capital Four ESG Score: 2.1</p> <p>General Score: 2.2 E: 2.0 S: 2.0 G: 2.0</p> 	 <p>Sector: Technology & Electronics Sponsor: PE Sponsored Instrument: Loan Junior Spread: L+1200 Floor: 0bps Price: 98.00 Committed: USD 16.4m</p>
<p>November 2018</p>	<p>Financing rejection by Capital Four due to ESG Concerns</p> <ul style="list-style-type: none"> - European value-added distributor of specialist IT components and solutions. - Solving complexity for a 32k customer base with presence in 24 European countries. - International expansion enabled by a proven M&A platform and a highly fragmented competitive landscape. 	<ul style="list-style-type: none"> - The ultimate beneficial owner of the bidder company was identified as a Politically Exposed Person with links to political leaders in Russia. - The weak Governance Score deemed the company non-investable according to Capital Four's ESG Scoring model. - In the interest of investor reputation, the Investment Committee of Capital Four decided against financing the transaction due to severe Governance issues. 	<p>Capital Four ESG Score: 3.8</p> <p>General Score: 3.6 E: 3.3 S: 3.0 G: 5.0</p> 	 <p>Sector: Technology & Electronics Sponsor: PE Sponsored Instrument: Loan</p>

November 2021

Note: * SBTi describes meaningful and measurable sustainability KPIs in accordance with Science Based Targets initiative.

ESG: Fund Level Restrictions

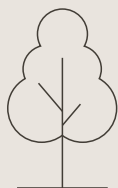
Controversial Weapons	Hazardous Materials	Social Issues	Environmental Damage
<p>Anti-personnel mines and vehicles constructed to exclusively launch this type of weapons</p> <p>Biological and toxin weapons and Toxin Weapons and on their Destruction</p> <p>Chemical weapons</p> <p>Cluster munitions</p> <p>Nuclear weapons</p> <p>Weapons which was originally intended, created or design to use in an offensive or defensive nature</p>	<p>Highly hazardous chemicals</p> <p>Highly Hazardous Pesticides</p> <p>Highly Hazardous Waste</p> <p>Ozone-Depleting Substances</p>	<p>Casinos and gambling</p> <p>Pornography or prostitution</p> <p>Tobacco or tobacco-related products</p> <p>Predatory or payday lending</p> <p>Alcohol</p> <p>Animal testing</p> <p>Fur products</p>	<p>Endangered/protected wildlife or wildlife products</p> <p>Thermal coal</p> <p>Oil and gas, including tar sands, arctic drilling and fracking</p> <p>Genetically Modified food and feed products</p>

Full restriction guidelines can be found in fund documents.

Private Debt V – Senior

The Fund promotes environmental and social characteristics in accordance with SFDR Article 8

Capital Four has decided to focus on issuer-specific Sustainability-linked KPIs covering Environmental and Social Characteristics



Environmental and Social Characteristics

≥ 75% of the Private Debt Loans classified as Sustainability-Linked at the end of the investment period*

- Minimum economic impact linked to sustainability performance (one-way or two-way)
- KPIs address issuer specific material environmental and/or social sustainability issues measured through ambitious Sustainability Performance Targets
- Agreement of KPIs at signing or within 12 months post deal close



Good Corporate Governance

Assessment of good corporate governance practices at two levels

- Minimum standards for all investments based on global standards for responsible conduct (e.g. UN GC) and internal tax policy
- Minimum threshold for proprietary Governance sub-score to assess good governance practices, such as sound management structures, employee relations, remuneration of staff and tax compliance**

Note: * Percentage will be measured throughout the whole lifetime of the fund. The percentage will increase during the investment period and will decrease during the term period. ** Capital Four scores each credit based on an internal ESG scoring model on a scale from 1 to 5 (1 being the best and 5 being the worst). The Governance sub-score in the ESG scoring model, as updated from time to time, must be at or below 4 in the initial/annual assessment to classify the loan as Sustainability-linked. The loan will cease to qualify as a Sustainability-linked Loan if the Governance Sub-Score is above 4.0 at any time. Please refer to the fund prospectus and CF Private Debt Sustainability-Linked Loan Methodology for further details.

Contents

- 01 Capital Four
- 02 Nordic & Northern European Lending
- 03 Private Debt Platform
- 04 Investment Process
- 05 ESG
- 06 Private Debt Funds**

Sample Portfolio Overview - Private Debt III

September 2022

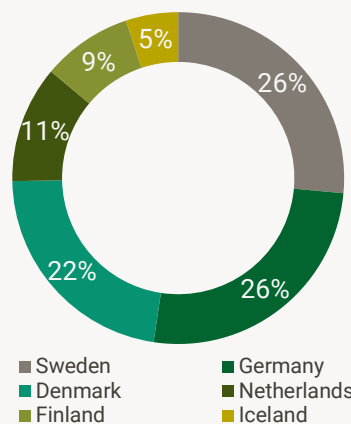
Portfolio Statistics

Characteristic	Portfolio
Yield (3 Yr, %) ¹	7.20
Discount Margin (3 Yr, Bps) ¹	730
Margin (Bps)	624
Floor (%)	0.0
OID/Current Price	97.39/96.74
Current/Realized No. of Deals	28/1
Average ESG Score	2.56
Average Invested Capital (€m)	41.4

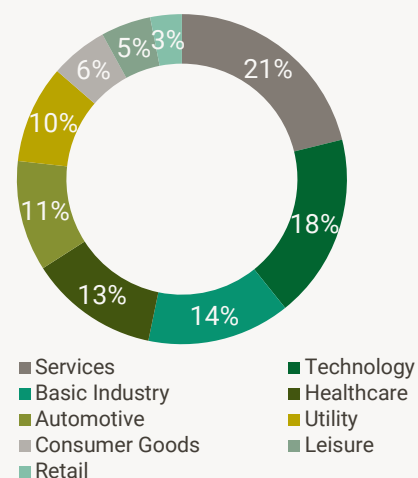
Credit Statistics

Characteristics	Portfolio
Revenue (€m)	163.5
EBITDA (€m)	22.6
Net Debt/EBITDA (x)	4.3
Loan to Value (%)	43.3
Tenor (Yr)	5.2

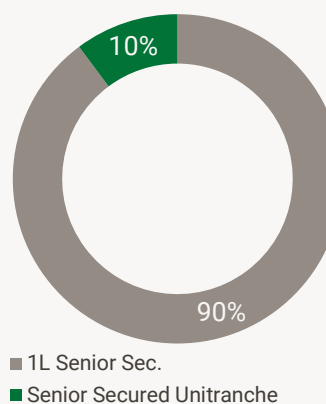
Geographies



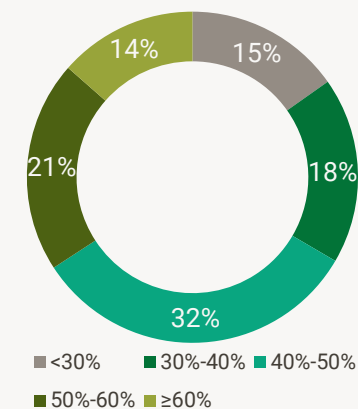
Industries



Seniority



Loan to Value



Source: IHS Markit, Capital Four. As of September 22, 2022. ¹As of June 30, 2022. Credit Statistics are dynamic and based on most recent financial reporting data available on funded investments. All numbers are based on weighted average.

Portfolio Overview - Private Debt IV

September 2022

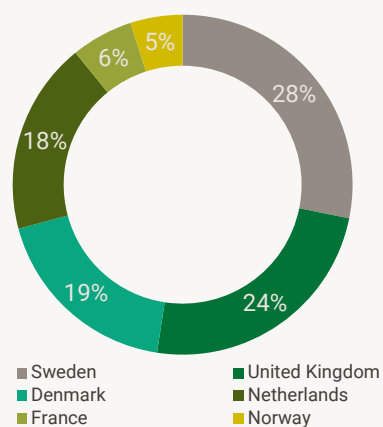
Portfolio Statistics

Characteristic	Portfolio
Yield (3 Yr, %) ¹	9.26
Discount Margin (3 Yr, Bps) ¹	979
Margin (Bps)	890
Floor (%)	0.00
OID/Current Price	97.38/97.26
Current No. of Deals	9
Average ESG Score	2.65
Average Invested Capital (€m)	28.8
Average Rating	B-1

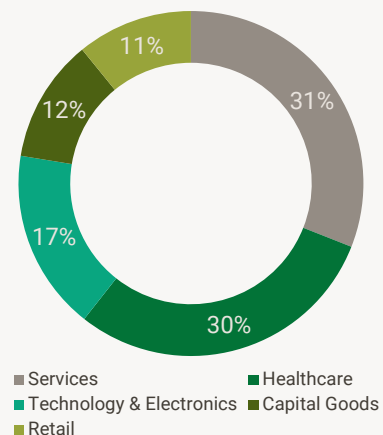
Credit Statistics

Characteristics	Portfolio
Revenue (€m)	119.5
EBITDA (€m)	31.0
Net Debt/EBITDA (x)	4.8
Loan to Value (%)	47.3
Tenor (Yr)	6.4

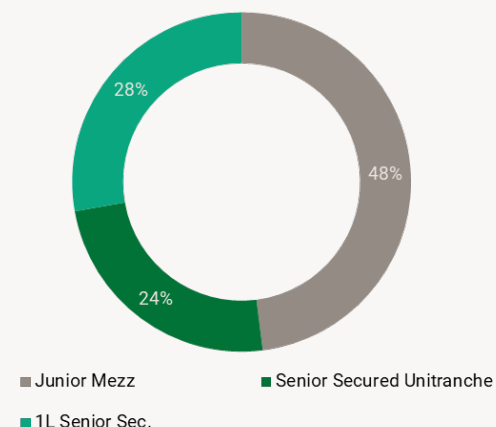
Geographies



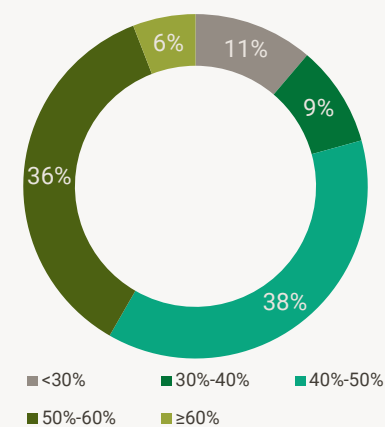
Industries



Seniority



Loan to value



Source: IHS Markit, Capital Four. As of September 22, 2022. ¹As of June 30, 2022. Credit Statistics are dynamic and based on most recent financial reporting data available on funded investments. All numbers are based on weighted average.

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