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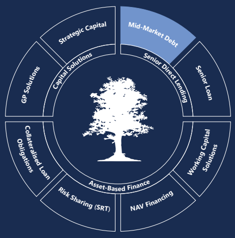


Consistency is the North Star for Direct Lenders

October 2025

Pemberton's Mid-Market Direct Lending strategy has delivered steady performance through turbulent times by focusing consistently on credit fundamentals and relative value.

Europe's economies have endured repeated bouts of turbulence over the past five years – the Covid shock and supply chain disruptions that followed, a major energy price shock following Russia's invasion of Ukraine, surging inflation and interest rates and most recently the imposition of tariffs by the Trump administration.

But in a period when uncertainty and volatility have hit most parts of the financial markets, direct lending to mid-market European companies via first lien senior secured loans has been a steady source of returns, presenting a strong argument for investors to regard this as a core asset class through the cycle.

Across the three most recent vintages of Pemberton's Mid-Market Debt (MDF) strategy, starting in 2017, we have raised almost €11bn and delivered returns in line with or above our initial targets[1].

What explains these results? The answer is unglamorous but valuable: consistency.

Mid-Market Debt Funds II-IV Summary Statistics

Consistent investment philosophy and metrics across recent fund vintages

	Mid-Market Debt Fund II[2]	Mid-Market Debt Fund III[2]	Mid-Market Debt Fund IV[2]
Total Fund Size	€3.0bn	€3.8bn	€4.1bn
Senior Secured 1L[3]	100%	99%	100%
Sole/Lead UW[4]	93%	84%	90%
Maintenance Covenants	100%	97%	95%
Average leverage	4.7x	4.9x	4.6x
Average LTV	50%	46%	42%
Average EBITDA	€30m	€46m	€47m

Defensive 1st Lien portfolios generating attractive risk adjusted returns

The Portfolio Metrics highlighted above most accurately represent the current data and philosophy for this strategy.
Source: Pemberton Capital Advisors LLP

[1]Past performance is not a reliable indicator of future results.
[2]Operating metrics shown for the realised and unrealised portfolios and weighted by fund commitments, as at 30th June 2025.
[3]Reflects seniority at underwriting.
[4]Underwriting categorised as Sole and Lead Arranger.

Across the key metrics for our three most recent fund vintages, the consistency of our investment approach is clear: tight focus on senior secured, first-lien lending on deals where we are almost always the sole or lead underwriter and where the deal documentation provides high levels of protection for our LPs. This puts us in the strongest possible position to manage situations where a borrower hits problems. We focus on companies with a strong market position, strong track record, strong management teams and proven sponsor shareholders and we aim to structure a large margin of safety with conservative loan-to-value levels.

The Factors that Explain Consistent Performance Across Vintages

The ability of our MDF strategy to maintain a consistent investment focus through successive fund generations is explained by key structural and market factors.

Segmentation of Strategies

First, Pemberton segments its direct lending platform into distinct, targeted strategies that offer LPs a variety of ways to gain private credit exposure according to their preferences. By doing this, we can maintain the focus within each strategy that we have set out for investors and allow each of our strategies to grow steadily from generation to generation. For MDF, this means we have not migrated to larger borrowers or accepted an increase in covenant-lite structures. Style drift among managers seeking to deploy much larger funds is one of the commonest complaints among LPs ofprivate credit managers. A segmented approach allows LPs to maintain the market exposure that suits them, as well as ensuring the private equity sponsors we deal with have a clear understanding of what we can offer.

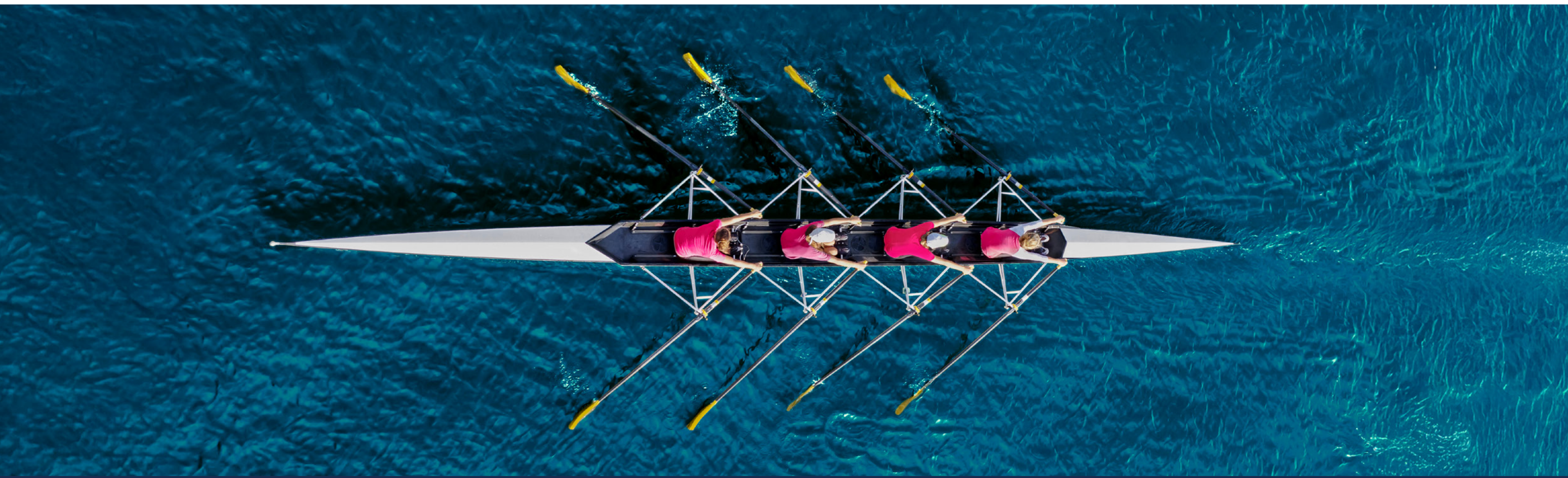
Broad Coverage

With eight offices across Continental Europe and two in the UK, Pemberton has comprehensive coverage of Europe's most active direct lending markets and therefore a highly effective origination engine for its range of strategies. This produces a large pipeline of potential transactions and allows our teams to source sufficient deals of the right quality while maintaining our high level of selectivity. Over the last several years, we have generally only funded ca. 5% of all incoming investment opportunities. In a fragmented market such as Europe, with varying legal regimes and levels of creditor protection across different countries, we believe teams on the ground with deep local knowledge are essential to deliver consistent performance.

The European Private Credit Opportunity

The fact that Pemberton has remained focused on first lien senior secured lending to mid-market borrowers at attractive loan-to-values (LTV) indicates the size of the long-term opportunity for private credit in Europe. This is most strikingly illustrated by the difference between private credit's market share of European corporate lending versus its dominance in the US. Private credit represents only 12% of corporate lending in Europe compared to 75% in the US therefore illustrating the growth potential for the asset class in Europe. European banks still provide a large share of corporate lending but are in steady retreat, thanks to tightening regulation and their high cost of capital. Equally, private equity, a major source of deal flow for direct lenders such as Pemberton, still has significant scope to penetrate Europe's fragmented M&A markets further. As their non-bank funding options have increased, sponsors have shown a consistent preference for the structuring expertise and certainty of funding that private credit managers such as Pemberton provide.

We believe that these three attributes – tightly targeted strategies, Continent-wide coverage and the relative immaturity of the European market – will allow our MDF strategy to continue delivering consistent returns from our segment of the market. With this much runway for growth, we see no need to relax our strategic focus.



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