



HOULIHAN LOKEY

# SPECIALTY FINANCE

MARKET UPDATE | SUMMER 2020



# Houlihan Lokey Specialty Finance Market Update

Dear Clients and Friends,

We are pleased to present our Specialty Finance Market Update for the summer of 2020.

We hope that you and your families remain safe and healthy. We have continued adapting to this fluid market and are busy helping our clients navigate their financing, M&A, and other strategic alternatives. Please reach out to any of us if you would like to connect or brainstorm any current needs or relevant topics with us.

We have included select recent transaction announcements, a public markets overview, and industry insights to help you stay ahead in our dynamic and constantly evolving industry. We hope you find this quarterly update to be informative and that it serves as a valuable resource to you in staying abreast of the market. We look forward to staying in touch with you.

Regards,



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## Specialty Finance Subverticals Covered

ALTERNATIVE FINANCIAL SERVICES    ASSET-BASED LENDING    AUTO LOANS/BHPH  
CREDIT CARDS    DEBT BUYING/COLLECTION    EQUIPMENT LEASING  
FACTORING    FINANCIAL INFORMATION    FINANCIAL PROCESSORS AND SOFTWARE  
FLEET LEASING    HEALTHCARE FINANCE    INSTALLMENT LOANS  
LITIGATION FINANCE    PAYDAY LENDING/PAWN    PAYMENTS  
SMALL BUSINESS LOANS    STUDENT LENDING    TRANSPORTATION FINANCE

**HLI**  
LISTED  
**NYSE**

Houlihan Lokey is the trusted advisor to more top decision-makers than any other independent global investment bank.

**No. 1 Advisor to Specialty Finance Companies**

**2015–2019 M&A Advisory Rankings  
All U.S. Specialty Finance Transactions**

Rank	Advisor	Deals
1	Houlihan Lokey, Inc.	48
2	J.P. Morgan Securities LLC	29
3	Barclays Capital Inc.	23
4	Credit Suisse (USA), Inc.	22
5	Stifel/Keefe, Bruyette & Woods	19
6	Bank of America Securities	16
6	Citigroup Inc.	16
8	Piper Sandler & Co.	15
9	Morgan Stanley	14
9	Wells Fargo Securities, LLC	14

Source: S&P Global Market Intelligence.

**2010–2019 M&A Advisory Rankings  
All U.S. Specialty Finance Transactions**

Rank	Advisor	Deals
1	Houlihan Lokey, Inc.	90
2	J.P. Morgan Securities LLC	43
3	Stifel/Keefe, Bruyette & Woods	39
4	Piper Sandler & Co.	36
5	Barclays Capital Inc.	35
6	Credit Suisse (USA), Inc.	29
7	Bank of America Securities	28
8	Morgan Stanley	24
9	Citigroup Inc.	23
10	Deutsche Bank Securities Inc.	20

Source: S&P Global Market Intelligence.

**Exceptional Qualifications in Specialty Finance (Select Transactions)**

**2020 YTD**

**19<sup>TH</sup> CAPITAL**  
a subsidiary of  
**element**  
has completed the sale of certain assets to  
**Hilco Global.**  
Sellside Advisor

**Merchants**  
AUTOMOTIVE GROUP  
Series A Senior Secured Notes  
Growth Capital  
\$50,000,000  
Exclusive Financial Advisor & Placement Agent

**tricolor**  
auto  
Growth Equity  
\$40,000,000 Preferred Equity  
Exclusive Placement Agent

**2019**

**NORD/LB**  
has sold a €2.6bn sub- and non-performing shipping loan portfolio to  
**cerberus**  
Exclusive Financial Advisor

**PRC** Part of the Sun Capital, Inc.\*  
More Than Leasing, Leading!  
has sold a 49% stake to  
**FUYO LEASE**  
FUYO GENERAL LEASE CO., LTD.  
Sellside Advisor

**MERCHANTS FLEET**  
has been acquired by  
**REC**  
Sellside Advisor

**FLEX FLEET**  
has been acquired by  
**WATERFALL**  
Asset Management  
Sellside Advisor

**2018**

**ORIX**  
has acquired  
**NXT CAPITAL**  
Buy-side Advisor

**LenderLive Network**  
a division of  
**Covius**  
has been acquired by  
**Computershare**  
Sellside Advisor

**INTERSTATE**  
CO-OP  
has been acquired by  
**TRIUMPH**  
Sellside Advisor

**mortgage lenders**  
of america  
has been acquired by  
**Zillow GROUP**  
Sellside Advisor

**Nationstar**  
has merged with  
**WMIH Corp.**  
Sellside Advisor

**Shellpoint Partners**  
has been acquired by  
**NEW RESIDENTIAL**  
Insurance Care  
Sellside Advisor

**2016/2017**

Aclar LLC, parent of  
**DRB**  
has received an equity investment from  
**PATRIOT**  
Financial Advisor

**ORIX**  
has acquired  
**LANCASTER POLLARD**  
Buy-side Advisor

**capitalspring**  
SBA LENDING  
a subsidiary of  
**capitalspring**  
has been acquired by  
**GULF COAST BANK & Trust Company**  
Sellside Advisor


Certain equipment finance assets and operations of  
**PACIFIC WESTERN BANK**  
has been acquired by  
**BOFI**  
FEDERAL BANK  
Sellside Advisor

**CREEKRIDGE CAPITAL**  
TRUCK FINANCING  
has been acquired by  
**HITACHI**  
Inspire the Next  
Hitachi Capital America Corp.  
Sellside Advisor

**CBC**  
has been acquired by affiliates of  
**WHITE OAK**  
GLOBAL ADVISORS  
Sellside Advisor


# Recent Transactions—Case Studies

## 19th Capital's Sale to Hilco Global




**19TH**  
CAPITAL  
GROUP

a subsidiary of:



**element**

has completed the sale of certain assets to



**Hilco Global**

Sellside Advisor

### Client Profile

19th Capital Group (“19th Capital” or the “Company”), a wholly owned subsidiary of Element Fleet Management Corp (TSX:EFN; “Element”), provides asset financing and fleet management solutions for operators of Class 8 fleets across the North American trucking industry. The Company’s strategic network of partners includes financial institutions, OEMs, and other capital providers. The Company owns and manages Quality Co., a leading truck leasing and sales company, which has locations in the Indianapolis and Dallas markets.


### Transaction Snapshot

Hilco Global (“Hilco”), through its operating business H19 Capital LLC, has acquired the assets of 19th Capital Group, including trucks, leases, and associated fleet services. The transaction closed on May 1, 2020.

### Houlihan Lokey's Role

*In October 2019, Element Fleet Management Corp announced that it was pursuing strategic alternatives with regards to 19th Capital Group and retained Houlihan Lokey to assist in evaluating strategic alternatives, including a potential sale of the business. Houlihan Lokey assisted in marketing, structuring, and negotiating the transaction with Hilco Global and successfully navigated a challenging market environment amid COVID-19 and significant trucking market headwinds to achieve a desirable outcome for all parties involved. This transaction highlights Houlihan Lokey's continued position as a leading advisor within the specialty finance and transportation and logistics sectors.*

## Merchants Automotive Group's Growth Financing



**Merchants**  
AUTOMOTIVE GROUP

Series A  
Senior Secured Notes

Growth Capital

\$50,000,000

Exclusive Financial Advisor & Placement Agent

### Client Profile

Merchants Automotive Group (“Merchants” or the “Company”), a privately owned family business, is one of the largest and fastest-growing fleet management companies in the United States. The Company provides a comprehensive selection of fleet management and leasing solutions to a wide spectrum of industries. Merchants also sells, services, and finances pre-owned cars, operating as one of the largest pre-owned dealers in New England. The Company was founded in 1962 and is headquartered in Hooksett, New Hampshire.

### Transaction Snapshot

Bain Capital Credit provided \$50 million of Series A senior secured notes to Merchants. Proceeds from the transaction were used to fund the Company’s accelerated growth, as well as to pay transaction-related fees and expenses. The transaction closed on March 13, 2020.

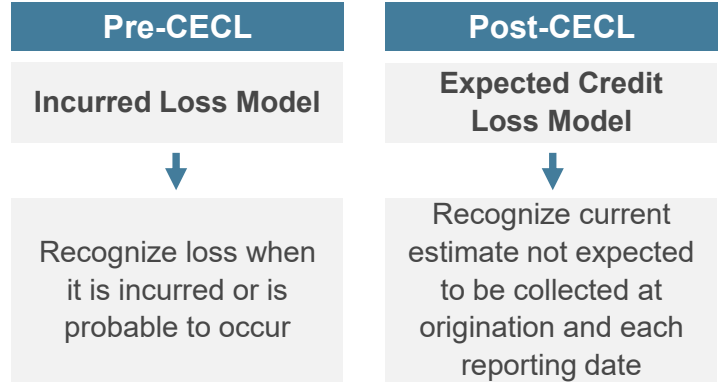
Due to several recent large contract wins that required significant upfront investment, Merchants decided to explore various capital alternatives to fund its growth and engaged Houlihan Lokey as its exclusive financial advisor and placement agent. The financing achieved Merchants’ primary objectives, including (i) providing a runway to support the company’s accelerated growth over the next several years, (ii) limiting any governance restrictions on operations, (iii) minimizing equity dilution among the ownership group, and (iv) providing payment flexibility to maximize reinvestment in the business.

### Houlihan Lokey's Role

*Houlihan Lokey assisted the Company in arranging, structuring, and negotiating the financing, including navigating multiparty, inter-creditor negotiations and documentation. In spite of the significant market volatility during the final stages of the transaction, the Company was not required to make any changes to the pricing or terms of the financing, highlighting the strength of the partnership between all stakeholders.*

# Update on the Implementation of CECL

In June 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-13, which changes the way credit losses are recognized for most financial assets. Under the new standard, current expected credit losses (CECL) requires recognition to be made when losses can be reasonably expected for the lifetime of the exposure, as opposed to when losses are incurred or probable of occurring. CECL went into effect for most public companies with fiscal years after December 15, 2019.



The initial impact of CECL on public company financial statements seems to be mixed. Many companies reported little to no impact on their financial statements, likely due to product type and typical loss levels. Other companies with products typically associated with higher loss levels were impacted more. For example, net shareholders' equity for consumer lender OneMain Holdings, Inc., decreased by approximately 19% as a result of increases in allowance for credit losses attributable to CECL.

As a way to provide additional transition relief for companies implementing CECL, the FASB issued Topic 326 under the CECL guidance, which allows for companies to elect to record financial assets at fair value. Fewer companies seem to have elected to account for financial assets under this guidance, and the ones that have also show a varying level of impact. For example, LendingClub Corp. stated in its most recent Form 10-Q that "adoption of Topic 326 did not have an impact on the company's financial position, results of operations, and cash flows." Conversely, Enova International, Inc., also elected the fair value option under Topic 326 but had an increase in net shareholders' equity of approximately 33% as a result of the adoption.

The biggest change to come from CECL is likely presenting itself now in the current economic environment. Many public companies have increased their loss reserves on existing and new issuances materially to account for expected losses related to COVID-19. Whereas these losses may have previously been delayed until they became probable of occurring before the implementation of CECL, companies must now accelerate these losses to when they are reasonably expected. This economic crisis had an initial impact on Q1 earnings and will likely continue to have additional effects in the coming quarters as companies put their new CECL models to the test.

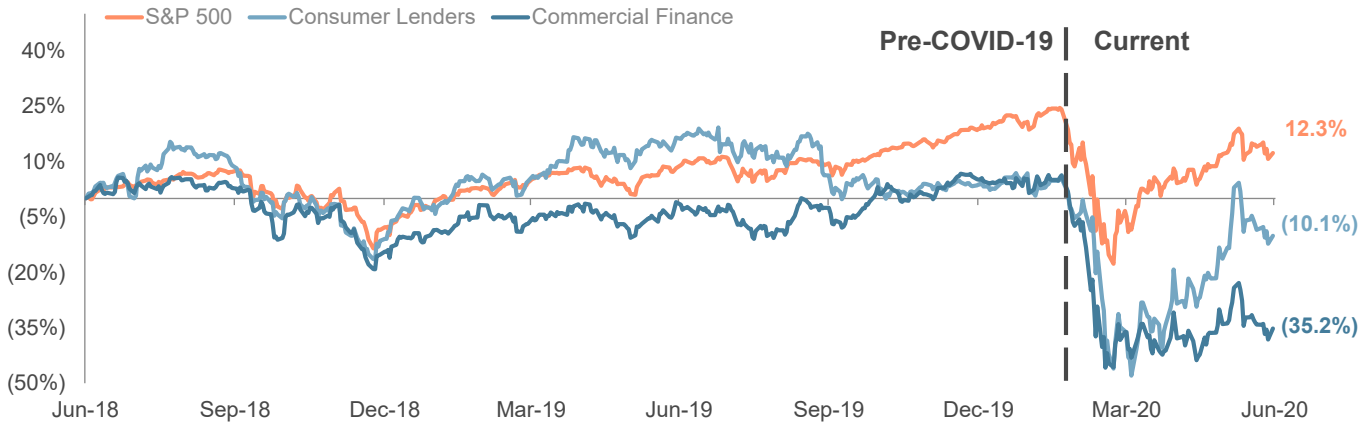
## Leading Provider of Financial and Valuation Advisory Services

Houlihan Lokey's Specialty Finance team is a cross-functional team incorporating M&A advisory, capital raising, financial and tax due diligence, valuation, technical accounting, tax structuring, and structured product and loan valuation. The team works together to seamlessly deliver solutions for your transactional, corporate planning, financial reporting, and tax needs. The team has performed valuation of whole loan pools and securitized tranches for NAV purposes, risk retention exercises, and diligence before making a new investment.

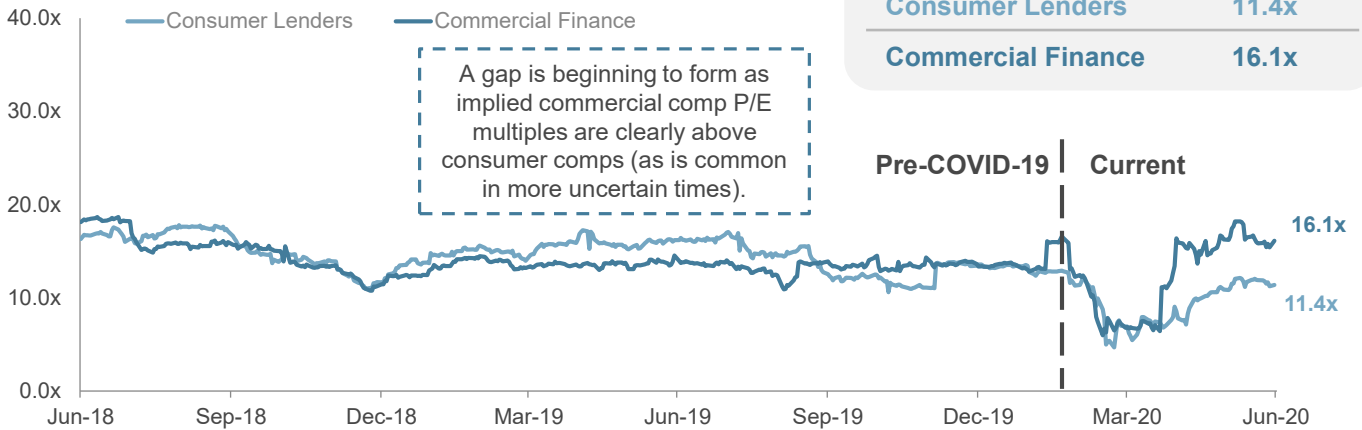


# Public Company Valuation

## Performance vs. S&P 500 (June 2018–June 2020)

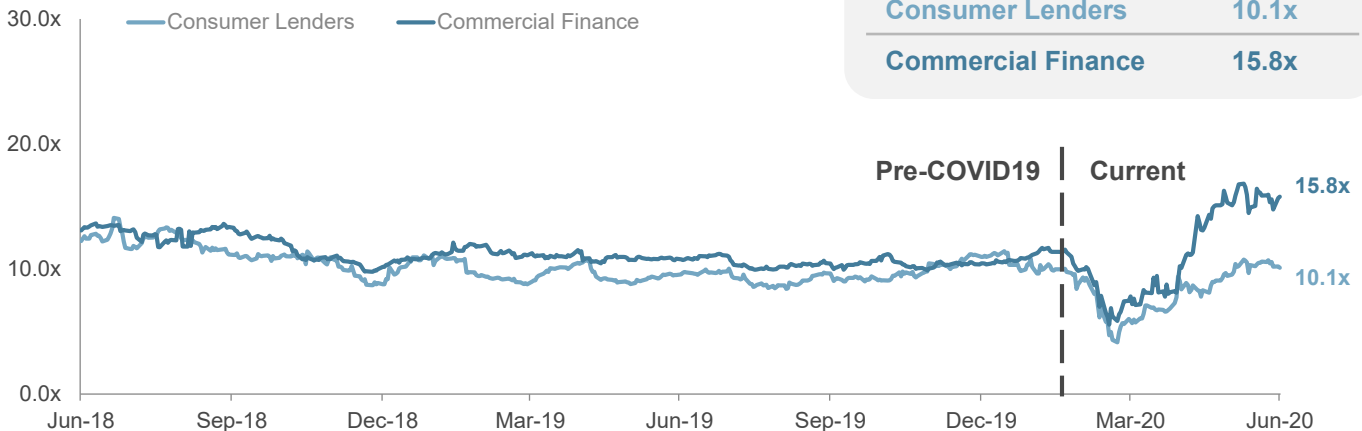


## Median Trailing (LTM) P/E (June 2018–June 2020)



	2-Year Avg.
Consumer Lenders	11.4x
Commercial Finance	16.1x

## Median Forward (NTM) P/E (June 2018–June 2020)

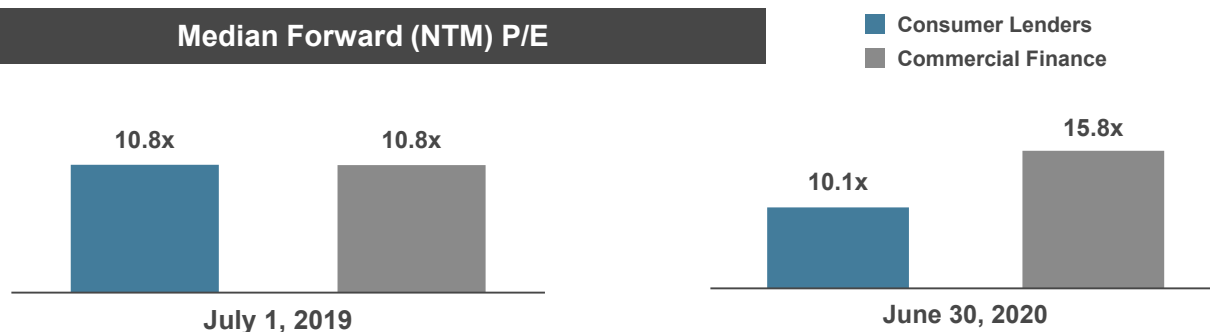


	2-Year Avg.
Consumer Lenders	10.1x
Commercial Finance	15.8x

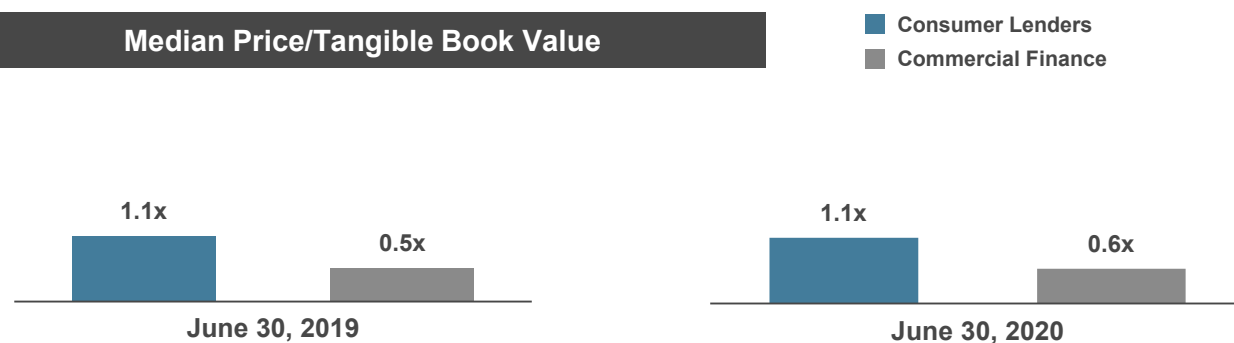
Note: Public company constituents can be seen on page 7.  
Source: S&P Capital IQ data as of 6/30/2020.

# Public Company Valuation (cont.)

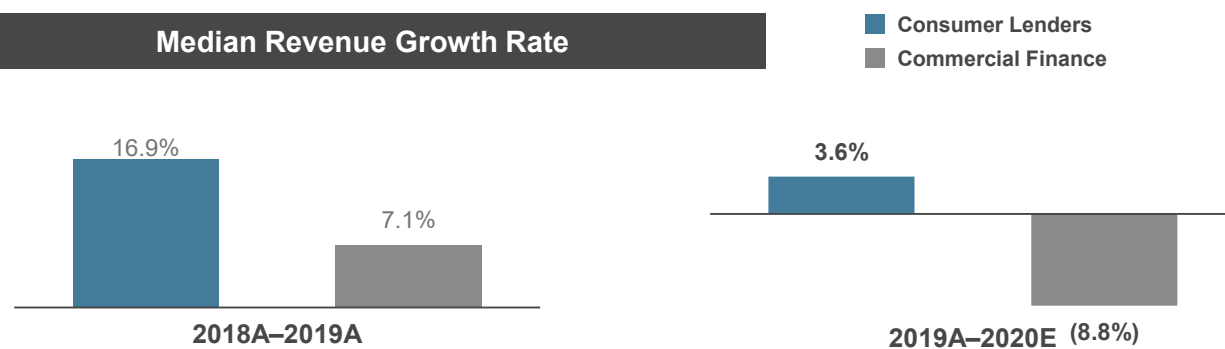
## Median Forward (NTM) P/E



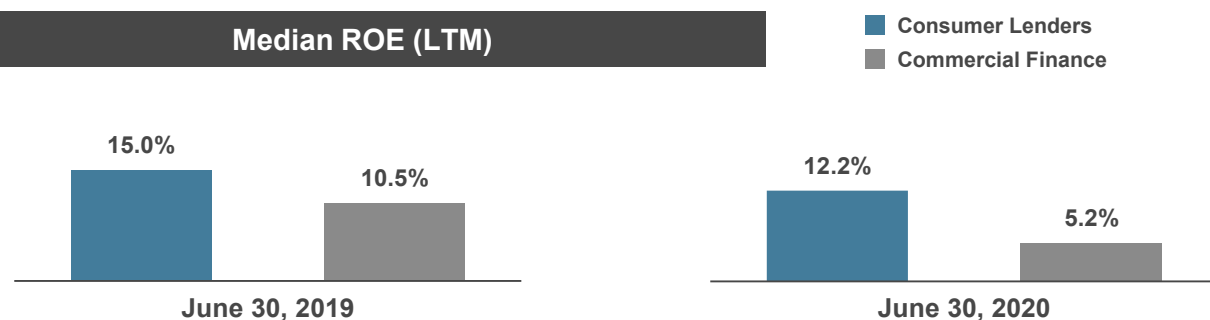
## Median Price/Tangible Book Value



## Median Revenue Growth Rate



## Median ROE (LTM)



# Public Company Valuation (cont.)

(\$ in millions)												
Company	Industry Focus	Market Cap	% of 52 Week High	P/EPS		Price		Operating Metrics				
				2020E	2021E	BV	TBV	LTM		2019A-2020E		
								ROA	ROE	Pre-Tax Margin	Revenue Growth	Pre-Tax Growth
<b>Consumer Lenders</b>												
Credit Acceptance Corporation	Auto Financing	\$7,463.4	83.9%	12.7x	14.7x	3.8x	3.8x	5.8%	20.3%	59.3%	29.1%	NM
OneMain Holdings, Inc.	Installment	3,296.2	50.2	14.2	5.4	1.1	2.5	3.2	21.0	36.9	36.4	(71.3)
FirstCash, Inc.	Pawn	2,796.4	63.2	21.7	17.0	2.3	NM	6.8	12.2	11.3	(6.1)	(18.0)
Nelnet, Inc.	Student Loan Servicing	1,870.2	68.2	12.1	8.3	0.8	0.9	0.2	2.6	7.6	6.4	NM
PRA Group, Inc.	NPLs	1,760.6	97.0	15.7	13.4	1.6	2.7	3.8	9.2	11.8	2.9	26.3
Navient Corporation	Student Loan Servicing	1,362.6	44.9	3.3	2.9	0.7	1.1	0.4	13.2	32.2	(36.7)	(31.8)
Encore Capital Group, Inc.	NPLs	1,067.6	85.1	5.2	3.7	1.2	NM	5.2	12.2	10.5	1.2	NM
GreenSky, Inc.	HIP	858.1 <sup>(1)</sup>	37.2	26.7	17.3	NM	NM	10.2	NM	12.8	(11.7)	(77.5)
America's Car-Mart, Inc.	BPHH	582.8	67.7	12.2	12.2	1.9	2.0	7.8	18.2	8.7	10.3	9.8
goeasy Ltd.	POS/Installment	561.2	49.9	10.4	7.6	1.6	1.9	5.4	20.9	23.2	NM	(1.3)
Enova International, Inc.	Online Lender	446.7	50.7	5.8	3.8	1.1	2.7	6.2	23.2	13.3	9.5	NM
World Acceptance Corporation	Installment	445.8	37.3	13.3	17.9	1.1	1.2	4.0	5.8	5.9	8.4	(33.7)
Oportun Financial Corporation	Online Lender	365.2	52.0	29.0	7.1	0.8	0.8	1.7	8.0	8.3	11.3	(66.4)
EZCORP, Inc.	Pawn	346.9	61.8	11.3	7.6	0.5	1.0	2.4	NM	(3.2)	4.2	NM
CURO Group Holdings Corp.	Online/Payday	333.3	48.1	5.6	3.3	0.8	0.8	13.2	NM	12.4	(19.0)	NM
LendingClub Corporation	Online Lender	317.9	27.6	NM	NM	0.4	0.4	NM	NM	(8.4)	NM	NM
Regional Management Corp.	Installment	198.0	50.7	14.6	6.2	0.8	0.8	6.3	11.2	10.7	2.6	(77.9)
Elevate Credit, Inc.	Online Lender	63.1	24.7	3.6	2.1	0.4	0.5	8.5	9.9	3.0	(18.4)	NM
<b>Median</b>			<b>50.7%</b>	<b>12.2x</b>	<b>7.6x</b>	<b>1.1x</b>	<b>1.1x</b>	<b>5.4%</b>	<b>12.2%</b>	<b>11.0%</b>	<b>3.6%</b>	<b>(32.7%)</b>
<b>Mean</b>			<b>55.6%</b>	<b>12.8x</b>	<b>8.9x</b>	<b>1.2x</b>	<b>1.5x</b>	<b>5.4%</b>	<b>13.4%</b>	<b>14.2%</b>	<b>1.9%</b>	<b>(34.2%)</b>
<b>Commercial Finance</b>												
Element Fleet Management Corp.	Fleet Mgmt.	\$3,260.6	55.3%	13.1x	10.5x	1.0x	3.0x	0.5%	2.4%	6.2%	(37.0%)	(9.5%)
GATX Corporation	Rail	2,128.2	70.9	15.2	15.0	1.2	1.2	2.2	11.9	19.4	(10.3)	(48.3)
CIT Group Inc.	Diversified	2,039.7	39.4	NM	8.3	0.4	0.4	NM	NM	(12.9)	(20.5)	NM
McGrath RentCorp	Heavy Equipment	1,304.3	64.3	17.7	14.9	2.0	2.2	7.0	16.2	22.8	(5.8)	(19.4)
ECN Capital Corp.	Equip. Finance	686.8	45.8	9.0	6.9	1.0	NM	2.3	4.5	20.5	NM	31.6
CAI International, Inc.	Container/Rail	286.1	56.3	7.4	7.3	0.5	0.5	2.7	4.5	7.4	(0.2)	NM
General Finance Corporation	Modular Rentals	205.7	59.7	16.8	24.9	1.5	NM	5.3	7.4	6.4	(7.3)	20.6
Marlin Business Services Corp.	Equipment Finance	99.4	33.3	NM	5.9	0.5	0.5	0.8	5.2	12.6	(17.6)	NM
Chesswood Group Limited	Equipment Finance	52.7 <sup>(1)</sup>	26.2	NM	9.4	0.4	0.6	NM	NM	(20.1)	NM	NM
On Deck Capital, Inc.	Online Lender	42.0	15.3	NM	11.6	0.2	0.2	NM	NM	(20.7)	13.0	NM
<b>Median</b>			<b>50.6%</b>	<b>14.2x</b>	<b>9.9x</b>	<b>0.8x</b>	<b>0.6x</b>	<b>2.3%</b>	<b>5.2%</b>	<b>6.9%</b>	<b>(8.8%)</b>	<b>(9.5%)</b>
<b>Mean</b>			<b>46.6%</b>	<b>13.2x</b>	<b>11.5x</b>	<b>0.9x</b>	<b>1.1x</b>	<b>3.0%</b>	<b>7.4%</b>	<b>4.2%</b>	<b>(10.7%)</b>	<b>(5.0%)</b>
<b>Total Median</b>			<b>50.7%</b>	<b>12.7x</b>	<b>8.3x</b>	<b>1.0x</b>	<b>1.0x</b>	<b>4.6%</b>	<b>11.2%</b>	<b>10.6%</b>	<b>0.5%</b>	<b>(19.4%)</b>
<b>Total Mean</b>			<b>52.4%</b>	<b>12.9x</b>	<b>9.8x</b>	<b>1.1x</b>	<b>1.4x</b>	<b>4.7%</b>	<b>11.4%</b>	<b>10.6%</b>	<b>(2.3%)</b>	<b>(24.4%)</b>



# Recent Transactions

## Consumer Finance: 2018–2020 YTD Select Transactions

(\$ in millions)

Ann. Date <sup>(1)</sup>	Target	Target Description	Acquirer	Deal Value	Price		
					LTM Earnings	BV	TBV
May-20	Asta Funding, Inc.	NPL consumer debt consolidator	RBF Capital LLC	\$81	11.7x	0.9x	0.9x
Apr-20	Tidewater Credit	Financing services for furniture/home improvement retailers	Genesis FS Card Services, Inc.	NA	NA	NA	NA
Feb-20	North State Acceptance, LLC	Sub-prime automobile finance company	Fourshore Capital, LLC	NA	NA	NA	NA
Feb-20*	Fairstone Financial Inc.	Non-prime credit card and consumer finance lender	Duo Bank	\$417	NA	NA	NA
Dec-19*	Cardholder Management Services, Inc.	Personal and home equity loan provider	Ally Financial Inc.	\$2,650	9.8x	1.7x	NA
Nov-19*	Asta Funding, Inc.	Consumer receivables services	Management Group <sup>(2)</sup>	\$49	8.0x	0.8x	0.8x
Jul-19	Health Credit Services, LLC	Digital point-of-sale payment solution for healthcare space	Ally Financial Inc.	\$190	NA	NA	NA
Jul-19	Merchants Preferred	Lease purchase services for furniture	Rent-A-Center, Inc.	\$48	NA	NA	NA
Jul-19	TFG Card Solutions, Inc.	Payroll card provider	Comdata, Inc.	\$74	NA	NA	NA
Jun-19	Lendmark Financial Services, LLC	Loan products and financing services	Lightyear Capital	NA	NA	NA	NA
Jun-19	Base Capital, LLC	Income share agreements (ISAs) for college students	Stride Funding	NA	NA	NA	NA
Jun-19	Skills Fund, LLC	Student financing platform for higher education	Goal Structured Solutions, Inc.	NA	NA	NA	NA
May-19	CreditGenie Inc.	Point-of-sale (POS) financing solutions	Purpose Financial LP	NA	NA	NA	NA
Apr-19	Athena Art Finance Corporation	Loan provider for global art market	YieldStreet Management, LLC	\$170	NA	NA	NA
Mar-19	Budco Financial Services LLC	Payment plan solution for automotive and healthcare firms	Scale Community Inc.	\$11	NA	NA	NA
Mar-19	City Finance Corporation	Personal loan service provider	Cambria Thrift Consumer Discount Company	NA	NA	NA	NA
Dec-18	Caribbean Financial Group Inc.	Installment loan services	BayBoston Managers LLC	NA	NA	NA	NA
Nov-18	Spruce Finance Inc.	Consumer financing for energy efficient home products	HPS Investment Partners, LLC	NA	NA	NA	NA
Sep-18	RightWay Funding LLC	Structured settlements	Undisclosed Buyer	NA	NA	NA	NA
Aug-18	LenderLive Network, LLC	Mortgage services provider	Computershare Loan Services	\$32	NA	1.5x	NA
Aug-18	Mortgage Lenders of America LLC	Mortgage brokers and services	Zillow Group Inc.	\$67	NA	5.2x	6.5x
Jun-18	Regency Finance Company	Loan products and financing services	Mariner Finance, LLC	\$142	NA	NA	NA
Mar-18*	Luxury Mortgage Corp.	Mortgage brokers and services	Undisclosed buyer	NA	NA	NA	NA
Feb-18	PHH Corporation	Residential mortgage bank	Ocwen Financial Corporation	\$361	NM	0.7x	0.6x
Feb-18	Harrison Finance Company	Personal, automobile, and merchant retail loan services	First Tower Finance Company LLC	\$79	NA	1.0x	NA
Feb-18	Nationstar Mortgage Holdings Inc.	Mortgage brokers and services	WMIH Corp.	\$1,928	NM	1.1x	1.2x
<b>Mean</b>					<b>7.4x</b>	<b>1.4x</b>	<b>1.7x</b>
<b>Median</b>					<b>8.9x</b>	<b>1.0x</b>	<b>0.9x</b>

Source: SNL, S&P Capital IQ, and public filings.

Note: Screening criteria includes select FY18, FY19, FY20 YTD specialty finance (consumer-focused) transactions over \$10 million in deal value located in the United States.

(1) Deals that include an asterisk (\*) denote pending transactions.

(2) Take-private acquisition by chairman and CEO of Asta Funding, released on 10/30/19.

# Recent Transactions (cont.)

## Commercial Finance: 2018–2020 YTD Select Transactions

(\$ in millions)

Ann. Date <sup>(1)</sup>	Target	Target Description	Acquirer	Deal Value	Price	
					BV	TBV
May-20	19th Capital	Credit and financing solution for fleet management firms	Hilco Global	NA	NA	NA
Feb-20	Bibby Financial Services (Holdings), Inc.	Asset-based lending and factoring solutions	Global Merchant Fund Corp.	NA	NA	NA
Feb-20	Ascentium Capital LLC	Online lending company that offers secured loans on luxury assets	Regions Financial Corporation	NA	NA	NA
Feb-20	LH-Finance, division of People's United Bank NA	Marine specialty lending	Centennial Bank	NA	NA	NA
Dec-19	MBMJ Capital LLC	Accounts receivable and invoice factoring solutions	Republic Business Credit, LLC	NA	NA	NA
Oct-19	CoreVest American Finance Lender, LLC	Business-purpose lending originator	Redwood Trust, Inc.	\$492.3	1.0x	1.4x
Jul-19	Advocate Capital, Inc.	Commercial LOCs and accounting services to trial lawyers	Pinnacle Bank	\$59.0	NA	NA
Jun-19	BlueTarp Financial, Inc.	Commercial trade credit services	Capital One Financial Corporation	NA	NA	NA
Feb-19	Pavestone Capital, LLC	Factoring solutions to transportation industry	WEX Inc.	\$28.1	1.8x	NA
Feb-19	Flex Fleet Rental	Truck rental and leasing	Waterfall Asset Management/TRP Capital Partners	NA	NA	NA
Feb-19	Medley SBIC LP	Small business investment company	Origami Capital Partners, LLC	\$45.0	NA	NA
Jan-19	Pacific Rim Capital, Inc.	Financial leasing services to material handling equipment	Fuyo General Lease Co., Ltd.	NA	NA	NA
Jan-19	Eastern Funding, LLC	Leasing and financing solutions to dry cleaning industry	Brookline Bank	\$35.9	NA	NA
Jan-19	VAR Technology Finance	Technology leasing and financing solutions	LEAF Commercial Capital, Inc.	\$60.0	2.7x	NA
Oct-18	Engs Commercial Finance Co.	Equipment finance, working capital finance, and insurance solutions	Mitsubishi UFJ Lease & Finance Company Ltd.	\$231.2	2.1x	NA
Sep-18	Fleet Financing Resources, LLC	Leasing and financing solutions to transportation equipment	Marlin Business Services Corp.	\$15.5	1.7x	NA
Aug-18	Ciena Capital, LLC	Factoring and commercial real estate financing solutions	Capital Crossing Servicing Company LLC	NA	NA	NA
Aug-18	Medley Capital Corporation	Invests in privately negotiated debt and equity securities	Sierra Income Corporation	\$318.8	0.9x	0.9x
Jul-18 <sup>(2)</sup>	Titlestone Property Finance	Financing to property developers across Southern England	Paragon Banking	\$63.0	1.0x	1.0x
Jul-18	NXT Capital, Inc.	Structured financing solutions to middle market	ORIX Corporation USA	NA	NA	NA
Jun-18	Vend Lease Company, Inc.	Equipment financing services	LEAF Commercial Capital, Inc.	\$37.5	2.8x	NA
Jun-18	Fleet Advantage	Fleet management solutions	Alaris Royalty Corp.	\$15.0	NA	NA
May-18	Metro Truck and Tractor Leasing, Inc.	Truck leasing and rental services	Ryder System, Inc.	\$52.0	2.6x	2.7x
Mar-18	Phoenix Capital Group LLC	Factoring, financing, and fuel card solutions to transportation industry	Gulf Coast Bank and Trust Company	NA	NA	NA
Apr-18	Interstate Capital Corp.	Factoring solutions to transportation and distribution industries	Triumph Bancorp Inc/Advance Business Capital	\$180.3 <sup>(3)</sup>	NA	NA
<b>Mean</b>					<b>1.5x</b>	<b>0.8x</b>
<b>Median</b>					<b>1.7x</b>	<b>0.9x</b>

Source: SNL, S&P Capital IQ, and public filings.

Note: Screening criteria includes select FY18, FY19, and FY20 YTD specialty finance (commercial focused) transactions over \$10 million in deal value located in the United States.

(1) Deals that include an asterisk (\*) denote pending transactions.

(2) Transaction completed in the United Kingdom by Houlihan Lokey team members.

(3) Asset purchase includes earn-out consideration of up to \$22.0 million determined by a proprietary index designed to approximate the rise and fall of transportation invoice prices subsequent to acquisition.

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## Locations



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