



Southey Capital

Illiquid and Distressed
Secondary markets and Transaction services

STRICTLY PRIVATE & CONFIDENTIAL

2018

Introduction to Southey Capital Ltd

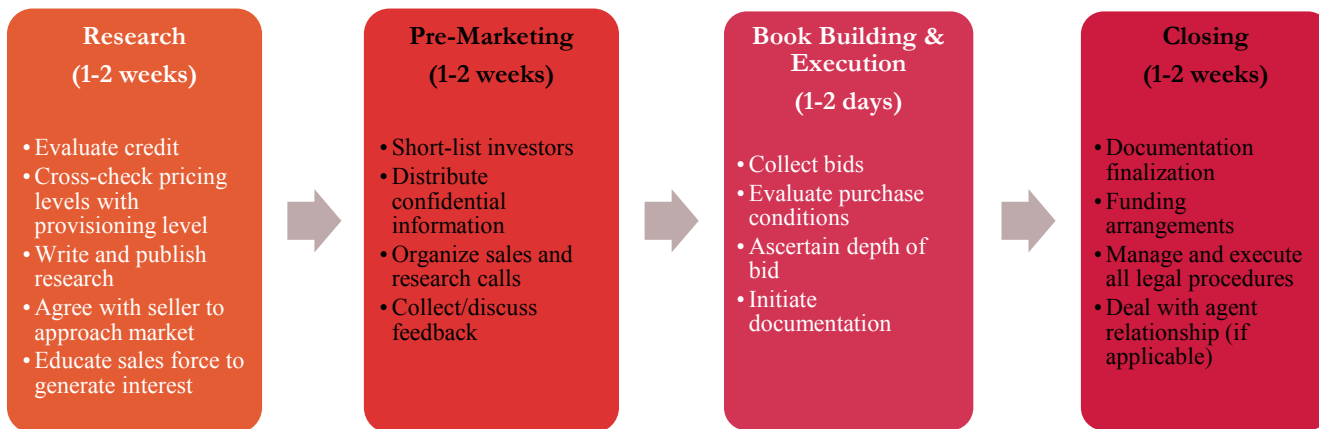
- Southey Capital is an independent European capital markets business providing fundamental research, trading and strategic portfolio advisory services.
- We specialise in illiquid, distressed and esoteric assets.
- We are a UK authorised and regulated financial services firm.
- Our approach is research driven: an understanding of a credit is imperative to the creation of liquidity in an opaque marketplace.
- Our team is one of the most focussed sales, trading and research platforms in its asset class in Europe.
- We have strong global distribution channels: Relationships with all major European & US hedge funds, credit opportunity funds and CLOs.
- Southey draws on extensive, multi-lingual product sourcing capabilities: direct relationships with commercial banks, insurance companies, asset managers and pension funds in Europe and the US, Asia and the Middle East.

Typical products we trade

- Bankruptcy claims in most major jurisdictions
 - USA, UK, Germany and many more
- Funds units, bonds and equities
- Previously listed instruments
 - Debt / Equity
 - Syndicated Loans
 - Closed end funds
 - Life Settlement funds
 - Private company shares
- Private instruments
 - Debt / Equity
 - Bank capital and sovereign debt

Typical “one off” Disposal Process

- Assuming no market already exists for a security. We start the process of establishing the market price for an illiquid asset by using our knowledge of the potential buyers to discretely build awareness
- We help sellers maximize value by keeping potential investors focussed and creating competitive tension.



Execution Risks and Mitigation

Process Risk



- We work with some of the largest and most reputable credit and distressed funds in the world
- We understand investment criteria of our buyers
- Risk presents itself when information is not presented upfront, and when the buyer does not understand assets or the sales process
- Communication is key

Settlement Risk



- Our in-house experience and external legal advisors are experts in distressed settlement. We prepare and facilitate all closing documentation, which is often an underestimated part of the transaction
- Documentation is pre-agreed with both buyer and seller before trading
- Southey Capital has never had a failed trade
- We are fully incentivised to execute the quickest and most successful strategy

Market Risk



- Illiquid assets by definition do not have a “market price”
- Southey Capital aims to be the biggest distressed platform in Europe, and we create an “ad-hoc” market for the disposable position
- A well structured and managed sales process minimises any market volatility and maximises exit price

Research and Analysis

- We provide added-value to the market by providing independent pricing and insightful analysis
- Our research notes take the form of market briefs of one or two pages, regular pricing updates and private research with detailed analysis of recovery or valuation expectations.
- We review and value portfolio assets and consider marketability, market appetite and legal framework (closing documentation, reps & warranties...)
- The understanding of a security is imperative to a successful creation of liquidity in what otherwise would remain an opaque marketplace
- Our research is driven by the flow of products and the needs of our customers

Credentials

- We have previously traded in excess of USD 400m of distressed assets to date, on a matched principal basis, enabling original holders and claimants to monetize their positions in a fast and efficient manner.
- We have trading relationships with over 100 approved counterparties in Europe, the US, Middle East and Asia.
- We have led competitive sales processes for major European banks.
- We have executed some “first of their kind” transactions in debt issued by entities in Kuwait, Bahrain, Oman and UAE and Iceland.
- We have transacted in all major currencies including USD, EUR, GBP, ISK, AUD.
- Our revenue is 100% success based and is fully incentivised to execute the quickest and most successful strategy.
- The firm was founded by Robert Southey, who co-founded Trench Capital and was a member of Yorvik Partners, a market leader in the distressed space where he headed up origination in Northern Europe.

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