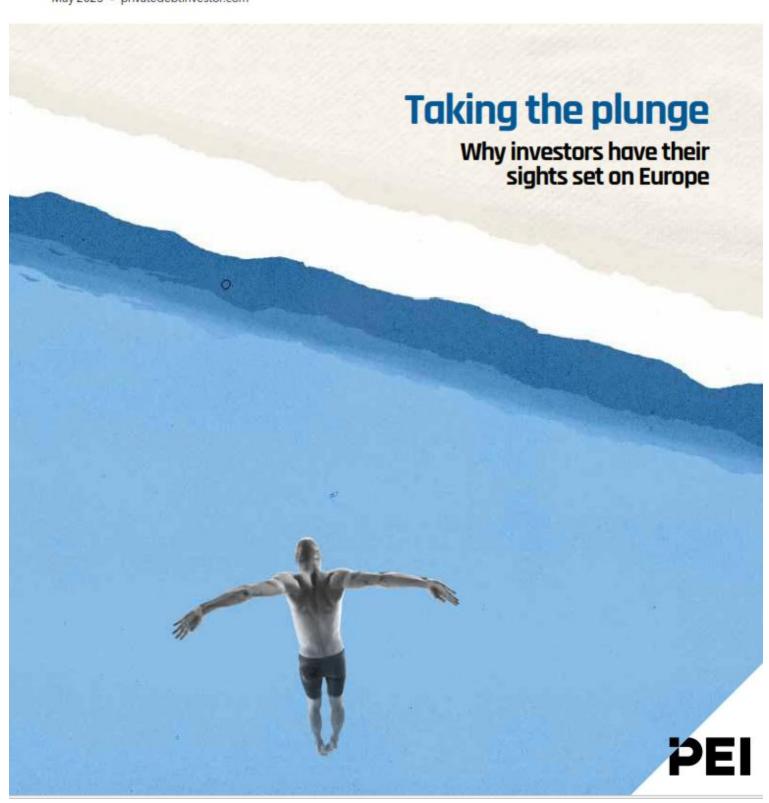
### Private Debt Investor

# Europe

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## Central and Eastern Europe

Western GPs are honing in on the region and looking to open offices in Warsaw

Number of CEE-based funds closed 2018-22

\$1.4bn
Total amount targeted by funds in market

he limited availability of bank finance in Poland has created an active market for private debt funds in the past year, according to Marcin Leja, managing director at regional private credit provider CVI. A shortage of bank lending caused not only by increasing regulation but by the impact of government-mandated mortgage holidays that cost banks billions of euros has created plenty of additional space for private debt.

Leja says: "We see extremely strong demand for private credit throughout the region, which is still not satisfied by the supply. There is increasing interest from Western European GPs who are scouting for transactions in this region, with some of the larger private debt funds considering opening offices in Warsaw."

Pan-European lender Kartesia is one fund showing growing commitment to the region. Laurent Bouvier, managing partner at Kartesia, told *PDI* in February: "Central and Eastern European countries are really interesting today, with the onshoring and near-shoring of supply chains. The lower labour costs in economies like Poland, which also has access to cheaper energy prices and very talented management teams, is creating opportunities.

"We have a couple of deals already where production has been relocated to Poland. This has strongly enhanced profitability and fast-forwarded access to Western European consumers and end-markets."

Last year also saw the launch of another debt fund focused on Central Europe, when ACP Credit held a first close on its inaugural fund at €90 million, working towards a target of up to €200 million. ACP will provide €5 million-€15 million per deal via a suite of senior secured debt solutions for lower mid-market companies in the CEE region, seeking to complement the current banking offer. Leja says: "Many Western European GPs are trying to replicate the strategies they use in their core markets, looking for sponsored transactions. The real opportunity in CEE is in sponsorless deals, which account for 95 percent of our transactions." ■

#### DECEMBER 2022

Warsaw-based manager CVI welcomed the European Bank for Reconstruction and Development into the third and final €132 million closing of its CVI CEE Private Debt Fund.

#### JANUARY 2023

Central Europefocused mezzanine investor Accession Capital Partners provided debt and equity to back a carveout within the Slovenian textiles industry.

#### JANUARY

Accession Capital Partners launched its fifth hybrid debt and equity fund, AMC V, with a target of €300 million, to invest in mid-market businesses in central Europe.

#### Largest closed-ended funds to close, 2018-22

Fund	Manager	Year close	Size (\$m)
Accession Mezzanine Capital IV	Accession Capital Partners	2018	312
CVI CEE Private Debt Fund	Credit Value Investments	2022	139