

News Release



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Alcentra announces successful completion of mezzanine investment in Mountain Warehouse

London, 6 November 2013 – Sub-investment grade corporate credit specialist Alcentra Limited, part of BNY Mellon, has invested in Mountain Warehouse, the UK's largest outdoor clothing and equipment retailer.

Alcentra's mezzanine loan will help fund the management's £85million buyout of minority shareholder LDC and provide capital for the next phase of growth. Following this transaction, Mountain Warehouse's team, led by founder and CEO Mark Neale, will have full control of the company and will be able to push ahead with their significant expansion plan. Management now sees potential to expand to 300 stores across Europe as well as to continue to grow its online business, which is currently shipping to more than 100 countries.

This transaction is consistent with Alcentra's investment strategy based on lending to attractive UK mid-market companies that are experiencing less traditional banking support and to whom Alcentra can lend at attractive risk-adjusted returns.

Founded in 1997 by Mark Neale from a single store in Swindon, Mountain Warehouse now has 169 stores in market towns and tourist locations across the UK, selling outdoor clothing and equipment. The business has grown strongly over the last three years despite the challenging consumer environment, with turnover rising from £47.5 million to £75.6million in the year ending February 2013. The current financial year is continuing to deliver a very positive performance with like-for-likes showing around 10% uplift despite the hot summer.*

Mark Neale, CEO of Mountain Warehouse, said: "We are delighted that Alcentra is supporting us in this next stage of growth. After four rounds of private equity over 15 years we were looking for a different solution this time and Alcentra has been able to provide that. Alcentra worked very quickly and decisively, which enabled us to complete the transaction with minimum disruption to the business."

Natalia Tsitoura, Vice President at Alcentra, said: "Mountain Warehouse is a great business which has delivered solid returns for a series of private equity investors. Mark was looking for a solution that helped him move away from private equity and we were happy to help provide this. We look forward to working with Mark and the team on this next part of their journey."

Alcentra has been sourcing and arranging financing to middle market businesses since its launch in 2003. To date the company has invested over €1.6bn in 77 middle market transactions across senior debt, second lien, mezzanine and equity co-investments.

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* Source: Management accounts, November 2013

Notes to editors:

Alcentra is an asset management and investment group focused on sub-investment grade debt capital markets in Europe and the United States. The group has an investment track record that dates back to 1998 and spans across 48 separate investment funds totalling approximately \$23 billion¹. Alcentra is more than 97.2 percent owned by BNY Mellon and 2.8 percent owned by the employees. 'Alcentra' refers to both Alcentra Limited and Alcentra NY, LLC. Assets under management include assets managed by both companies. More information can be found at www.alcentra.com.



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