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Oaklins Germany Debt Advisory Insight

## Private Debt 2026

The third pillar alongside bank lending and capital markets in the European mid-market

Market overview, structures and use cases for mid-sized companies & sponsors



**Torsten Aul**  
Head of Debt Advisory  
DACH

“

Private Debt has established itself as the third strong pillar alongside bank financing and capital markets. Those who understand this option expand their strategic room for maneuver.

”



Report focus areas:

### UNDERSTAND

What is Private Debt, how large is the market and which structures exist?

### MANAGE

How companies can use Private Debt as a strategic financing instrument.

### NEGOTIATE

How Oaklins opens up access to suitable financing partners, flexible credit structures and tailored financing solutions.

## Key Facts Private Debt

**>USD 2.4tn<sup>1</sup>** Global Private Debt AUM<sup>2</sup> (2025) market volume worldwide

**Approx. EUR 400bn<sup>3</sup>** Private Debt AUM in Europe, second-largest market worldwide

**Approx. 13% CAGR<sup>4</sup>** In the eurozone over the past decade

**3–7 years** Typical term of a direct lending deal, mostly bullet repayment

<sup>1</sup> Preqin Global Reports (02/26); <sup>2</sup> Assets Under Management; <sup>3</sup> Allianz Global Investors (03/26); <sup>4</sup> FSB (05/26)

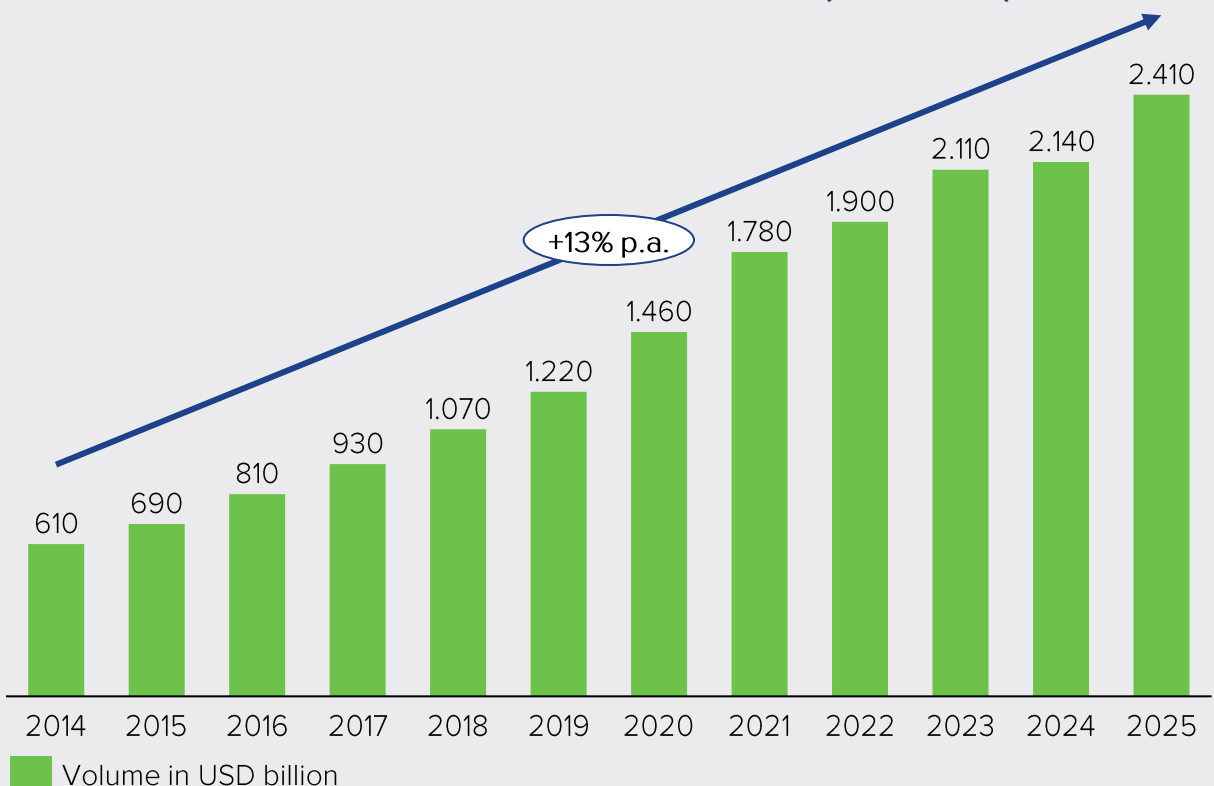
# The Private Debt Market at a Glance

## Characteristics, structures and current developments

Private Debt refers to direct lending by specialized funds to companies, outside of banks and public capital markets. Following the 2008 financial crisis, Private Debt funds filled the gap left by stricter banking regulation in the mid-market segment. For companies, this means greater structural flexibility, faster decisions and a single financing partner who accompanies the entire process.

- Investors** Debt funds, insurers, pension funds, family offices
- Structures** Senior Secured, Unitranche, Whole Loan, Mezzanine, Asset-Backed, Fund Financing
- Application** Buyouts, acquisitions, growth, capital expenditure, refinancings, restructurings

**Global Private Debt AUM 2014-2025 (in USD bn)<sup>1</sup>**



### Key Findings:

- Private Debt quadrupled globally, from approx. USD 600bn (2014) to USD 2.4tn (2025)
- Following a consolidation phase in 2024, growth accelerated again in 2025, clearly reaching USD 2,410bn, the highest level to date
- Globally, the market grew at a CAGR of approx. 13% p.a. over the past decade. Europe is now the second-largest Private Debt market worldwide, after the USA

<sup>1</sup> Preqin Global Reports (02/26)

# Opportunities and Risks of Private Debt

Transparent assessment for entrepreneurs and finance decision-makers

Like any form of financing, Private Debt has clear strengths and limits. For companies that deploy it correctly, it opens up room for maneuver that traditional bank financing does not offer, through higher volumes or tailored structures. The decisive factor is not whether it is used, but when and how it is deployed, and whether the process is managed professionally.

## Advantages

### Structuring flexibility

Term, repayment and covenants are individually negotiable

### Fast decision-making

Weeks instead of months; without involving a larger banking syndicate

### Larger financing volumes

Also for asset-light models and special situations

### Long-term partnership

Support throughout the entire financing cycle

### Diversification

A complement to the house bank

## Risks

### Higher cost of capital<sup>1</sup>

Spreads approx. 175–200 bps above syndicated loans

### Prepayment costs

Early repayment is possible, but often tied to minimum interest guarantees for the lender

### Covenant pressure

Breach consequences can take effect more quickly

### Refinancing risk<sup>2</sup>

Maturing credit structures from the low-interest phase create increased refinancing pressure through 2030

### Transaction complexity

Specialized advisors, due diligence and complex contract negotiations



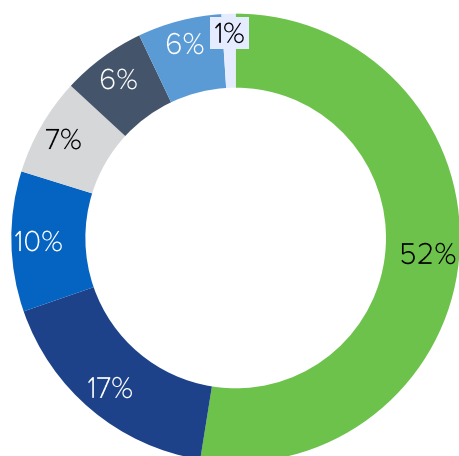
<sup>1</sup> Allianz Global Investors (03/26); <sup>2</sup> Morgan Stanley Investment Management (2026)



# The Spectrum of Private Debt

Which instrument fits which corporate situation?

## Global Private Debt AUM by sub-strategy



Private Debt is not a homogeneous asset class, but a broad spectrum of financings ranging from secured senior loans to flexible special-situations solutions. Direct Lending dominates with more than 50% of global market volume and is today a standard instrument for M&A, buyouts and growth financings in the German mid-market.

- Direct Lending
- Asset-Based Finance
- Distressed Debt
- Special Situations
- Mezzanine
- Multi-Strategy
- Venture Debt



**Direct Lending:** For M&A, capital expenditure and growth: tailored structures with a single point of contact instead of a banking syndicate



**Asset-Based Finance:** When real estate, machinery, inventory or receivables serve as collateral, also in situations of weaker earnings



**Special Situations:** For restructurings, carve-outs and turnarounds, where traditional bank financing structurally reaches its limits



**Mezzanine:** Hybrid capital between equity and debt, strengthening the economic equity base without diluting shareholders' stakes

The market is highly differentiated. As an independent advisor, we identify the precise sub-strategy and the funds that will optimally finance your project, whether buyout, capex requirement or turnaround. Since we are not tied to any capital provider, we optimize exclusively for your objectives.

# Anatomy of a Direct Lending Deal

## The key levers — and what they mean for borrowers

Direct Lending is far more than a loan at a higher interest rate. The contractual structure determines how much operational freedom a company retains and how it stays able to act in stress phases. Those who understand the five key levers negotiate as equals.



### Rank & Security

From first-ranking senior secured to subordinated (junior/mezzanine); the higher the seniority, the lower the pricing



### Pricing

Variable interest rate: base rate (EURIBOR) + spread (400–600 bps in the mid-market). Possibly supplemented by an original issue discount (OID) as a one-off fee



### Term & Repayment

Typically 3–7 years, mostly bullet repayment. No ongoing amortization, which protects operational cash flow



### Collateral

First-ranking security at the corporate level. With a unitranche: a single lender, a single contract, no conflicts of interest between different creditor classes



### Covenants

Contractually agreed financial metrics (e.g. max. leverage, min. interest coverage ratio). Standard in the DACH mid-market

## Spotlight: Unitranche — the standard instrument in the mid-market

The unitranche combines senior and junior tranches in a single facility: one lender, one contract, one point of contact. No coordination required between creditor classes, no competing interests. This saves time, reduces complexity and increases deal certainty, particularly in competitive acquisition processes.

We don't just negotiate the interest rate for you, we optimize the entire package: from flexible covenants and original issue discounts through to tailored unitranche solutions that secure maximum operational freedom for you.

## Bank Financing vs. Private Debt

The decisive differences for the German mid-market

For many mid-sized companies, the house bank is the first and often only point of contact for debt capital. Private Debt is not a competitor, but a complement that steps in where traditional bank financing reaches its limits.

Criterion	Bank Financing	Private Debt
Interest rate <sup>1</sup>	150–450 bps over EURIBOR	400–600 bps over EURIBOR
Term	3–5 years, amortizing	3–7 years, bullet
Leverage	2.5–3.5x Net Debt/EBITDA <sup>2</sup>	3.5–5.0x Net Debt/EBITDA <sup>3</sup>
Covenants	Strict maintenance tests	DACH: standard / Upper mid: covenant-lite
Decision speed	Several weeks to months	Often within a few weeks

Private Debt costs more, but in return offers higher leverage, greater structural flexibility and faster decision-making. The decisive factor is not which instrument is cheaper, but which one makes the transaction possible in the first place.

We organize genuine competition between banks and Private Debt funds and ensure that you do not accept the first offer, but the structurally best one. In the current market environment, with highly selective lenders, the right approach matters more than ever.

<sup>1</sup> Stepstone (02/26); <sup>2</sup> PrudentWater (2026); <sup>3</sup> Invesco (01/26)

## Private Debt Financing: Berner Group

How Private Debt enabled a complex value-add project that was only partially financeable for banks

For the Berner Group, Oaklins structured a tailored Private Debt financing of EUR 20m for a student housing project, already the fourth joint transaction since 2022.



has received a  
financing of €20m

FUNDING, DEBT ADVISORY & ECM

Real Estate

### Initial situation

The Berner Group has been active in developing high-quality residential and special-use real estate for around four decades. The subject of the financing was a former clinic with a planned conversion into student housing.

### Challenge

As a complex value-add asset, the property was only partially financeable for banks. Funds were required for refinancing, capex and operations, with the lowest possible equity contribution.

### Solution

A Private Debt fund provided secured fixed-rate financing with a three-tranche structure. A comprehensive security package, only around 1% cash equity; exit upon successful repositioning and full occupancy.

### Transaction Highlights

**EUR 20m**

Total volume

**3 tranches**

Structured facility

**2 years**

Term

**≤ 80%**

LTV at closing


















**1%**

Cash equity

**6.25% p.a.**

Fixed interest rate

## The Oaklins team offers comprehensive expertise

 <p>has received a financing of €20m</p> <p>FUNDING, DEBT ADVISORY &amp; ECM <b>Real Estate</b></p>	 <p>acquisition financing and asset financing</p> <p>FUNDING, DEBT ADVISORY &amp; ECM <b>Automotive</b></p>	 <p>a total of €115m financing</p> <p>FUNDING, DEBT ADVISORY &amp; ECM <b>Real Estate</b></p>	 <p>promissory note with a volume of €10m</p> <p>FUNDING, DEBT ADVISORY &amp; ECM <b>Real Estate</b></p>	 <p>a total of €65m financing</p> <p>FUNDING, DEBT ADVISORY &amp; ECM <b>Real Estate</b></p>
 <p>undisclosed alternative equity financing</p> <p>FUNDING, DEBT ADVISORY &amp; ECM <b>Automotive</b></p>	 <p>unsecured term &amp; working capital facility</p> <p>FUNDING, DEBT ADVISORY &amp; ECM <b>Food &amp; Beverage</b></p>	 <p>€60m bearer bond &amp; €20m green label corporate bond</p> <p>FUNDING, DEBT ADVISORY &amp; ECM <b>Energy</b></p>	 <p>unsecured working capital facility</p> <p>FUNDING, DEBT ADVISORY &amp; ECM <b>Industrial Machinery</b></p>	 <p>has raised \$600m in a related party transaction</p> <p>FUNDING, DEBT ADVISORY &amp; ECM <b>Other Industries</b></p>
 <p>has acquired</p>  <p>FUNDING, DEBT ADVISORY &amp; ECM <b>Healthcare</b></p>	 <p>has raised US\$31 million led by Meridiam with co-investment from investNL</p> <p>FUNDING, DEBT ADVISORY &amp; ECM <b>Engineering Services</b></p>	 <p>has been acquired by</p>  <p>FUNDING, DEBT ADVISORY &amp; ECM <b>Real Estate</b></p>	 <p>has raised new debt facilities</p> <p>FUNDING, DEBT ADVISORY &amp; ECM <b>Business Services</b></p>	 <p>has extended their existing financing syndicate and added a €150m term loan</p> <p>FUNDING, DEBT ADVISORY &amp; ECM <b>Healthcare</b></p>

## Local expertise, global liquidity:

- **40 countries:** Teams across our network collaborate in more than 40 countries and know the relevant financing sources and market participants in each.
- **Sector specialists:** Our advisors are organized by industry and align themselves with the key metrics, business models and market cycles of your sector.
- **Independence:** As an independent advisory partner, we are not tied to any capital provider and can propose financing solutions that are oriented primarily toward your company's objectives.

## Seizing opportunities — with the right partner



### Market opportunities

Private Debt providers offer attractive terms for companies that enter the process well prepared



### Transaction breadth

Growth, acquisition, real estate and refinancing transactions as well as succession solutions: we support all relevant financing occasions



### Process quality

From the initial structuring idea through to successful closing: the quality of the process determines the quality of the outcome

## Your point of contact:



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