

Capital Dynamics Provides Innovative Loan Structure with ESG Margin Adjustment

Transaction includes margin adjustment tied to Diversity, Equity & Inclusion targets

NEW YORK – May 31, 2022 – Capital Dynamics, an independent global private asset management firm, today announced that its Private Credit business recently served as Lead Arranger to support the acquisition of Barberitos Southwestern Grille and Zoup! Eatery by WOWorks, a leading Quick Service Restaurant (QSR) business focused on serving healthy, nutritious and flavorful meals. The ESG-conscious transaction structure offers WOWorks a margin adjustment if the company achieves agreed upon targets for minority-owned, women-owned and veteran-owned store locations. WOWorks is a current portfolio company of Centre Lane Partners and manages restaurant brands Saladworks, Frutta Bowls, Garbanzo Mediterranean Fresh and The Simple Greek.

The innovative transaction structure builds upon WOWorks' strong commitment to ESG/DEI, as demonstrated by their existing adoption of the "Pathways to Black Franchise Ownership Program" in the United States. The program, launched in 2020 by the Multicultural Foodservice & Hospitality Alliance with a USD 2.5 million commitment from PepsiCo, is dedicated to helping black entrepreneurs from all backgrounds develop and operate high performing franchise businesses.

Martin Hahn, CEO of Capital Dynamics, said: "Responsible investment is an integral part of Capital Dynamics' corporate identity and ethos, and we make a concerted effort to play an active role in helping drive ESG integration within the private assets industry. There is no 'one size fits all' solution for applying ESG principles in your investment strategy, but we are constantly exploring new ways for investors to make positive impacts, with a focus on innovation. We are excited to utilize a new ESG-linked loan structure in this transaction and hope this example will help accelerate our industries' participation in transitioning to a more equitable, net-zero world."

Thomas Hall, Managing Director and Co-Head of Private Credit, said: "Structurally integrating an ESG-related covenant into a credit facility is a first in lower middle-market private lending. At Capital Dynamics, we embrace ESG as a value driver and believe that companies with strong ESG credentials can outperform in several ways, leading to improved risk adjusted returns. We identified a unique opportunity with this transaction and are looking forward to working with WOWorks to achieve its Diversity, Equity & Inclusion targets."

Capital Dynamics is a recognized industry leader in responsible investing, receiving the highest marks from the UNPRI for its Strategy & Corporate Governance, and investment strategies. The Firm's Truly Invested® in Diversity & Inclusion initiative is committed to the continued improvement of the Firm's open and diverse culture, in addition to industry-wide advocacy. Capital Dynamics is a signatory of the Institutional Limited Partners Association (ILPA) Diversity in Action initiative and supports various organizations, including Accelerate Investors, Level 20, Out Investors and Sponsors for Educational Opportunity (SEO). The firm also received the diversity and inclusion award from Fund Intelligence in 2021.

About Capital Dynamics

Capital Dynamics is an independent global asset management firm focusing on private assets, including private equity (primaries, secondaries co-investments), private credit, and clean energy. Created in 1988, the Firm has extensive knowledge and experience raising closed-ended funds and developing solutions tailored to meet the exacting needs of a diverse and global client base of institutional and private wealth investors. As of Q1 2022, Capital Dynamics oversees more than USD 13 billion in assets under management and advisement¹, and employs approximately 160 professionals globally across 14 offices in Europe, the Middle East, North America, and Asia.

With over three decades of experience, Capital Dynamics has developed long-term relationships with over 350 private equity fund managers globally, enabling powerful and propriety deal flow across primaries, secondaries, co-investments, and private credit opportunities.

Capital Dynamics is a recognized industry leader in responsible investing, receiving the highest marks from the UNPRI for its Strategy & Corporate Governance, and investment strategies. The Firm combines robust returns with market-leading ESG practices, including designing, implementing and trademarking the Capital Dynamics R-Eye™ Rating System – a unique, best-in-class approach to diligence and rating of each investment based on UNPRI principles and UN Sustainable Development Goals. For more information, please visit: www.capdyn.com

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¹ As of March 31, 2022. Assets Under Management are calculated based on the total commitments as of the final closing date for all funds currently managed by Capital Dynamics, including amounts that have been distributed. Assets Under Advisement includes assets for which Capital Dynamics provides services such as reporting, monitoring and risk management.