



INDICE AETHER FS UNITRANCHE FRANCE

2025
FIRST QUARTER

THE FIRST INDEX
BENCHMARK FOR
PRIVATE DEBT
IN FRANCE

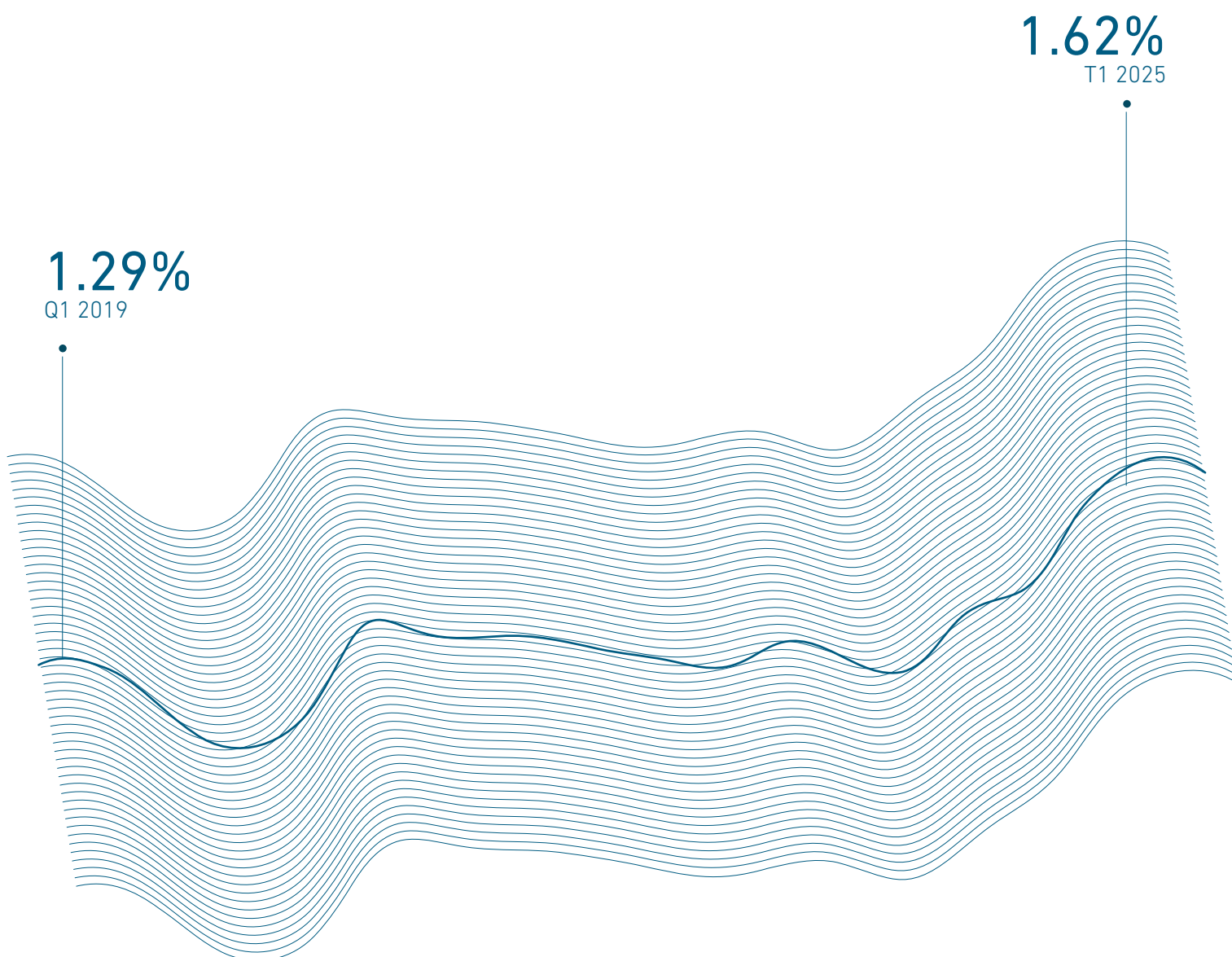


ÆTHER
FINANCIAL SERVICES

I N D E X

AETHER FS UNITRANCHE FRANCE INDEX

Source: Aether Financial Services



METHOD AND CONTRIBUTORS

The Aether FS Unitranche France Index is calculated using the ratio between the interest margin and the leverage at the close of a transaction, on a rolling six-month basis (formula below):

$$\text{Aether FS Unitranche France index} = \frac{\text{6-month rolling average interest margin}}{\text{leverage}} \text{ at closing}$$

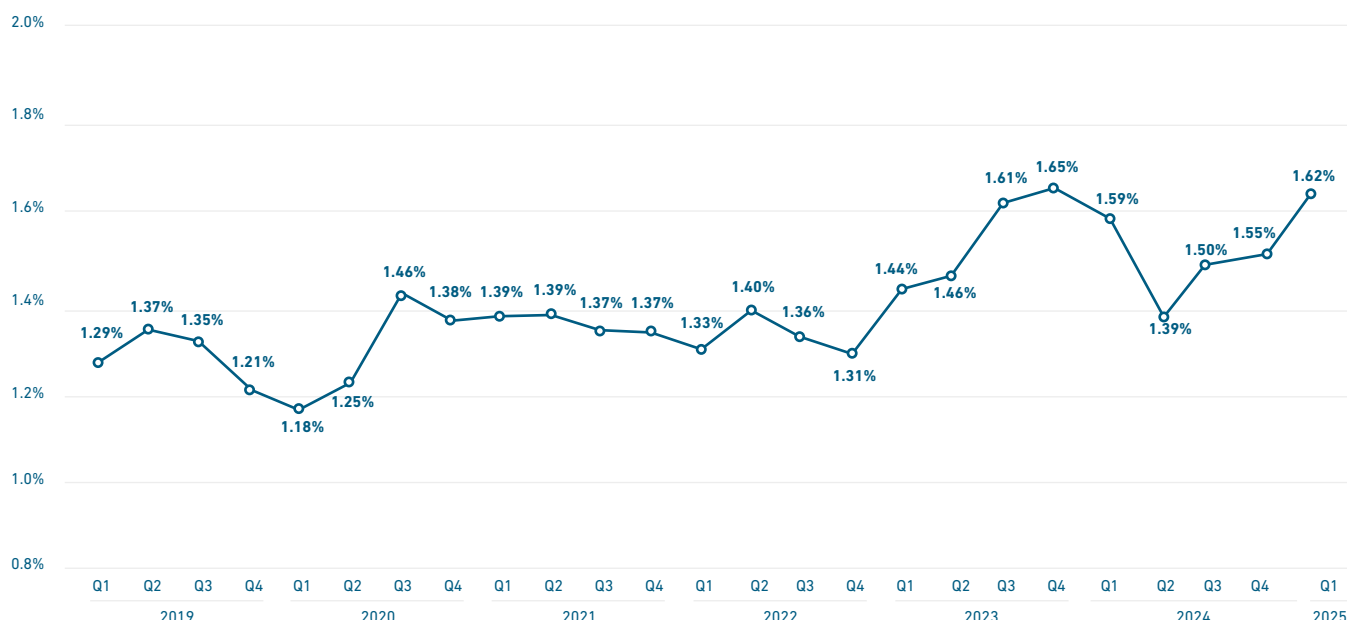
For this latest publication of its French Private Debt Benchmark Index, Aether Financial Services is pleased to be able to count once again on the participation of **Kerius Finance**¹ and is delighted that this independent player is helping to enrich its database.



¹ KERIUS Finance (www.kerius-finance.com) is an independent consultancy specialising in the management and hedging of interest rate, currency, and commodity risks.

Q1 2025 INDEX

6-month rolling average interest margin/leverage ratio



The Aether FS Unitranche France index has increased for the third consecutive quarter, reaching 1.62% per leverage turn, which is 4.9% higher than at the end of 2024. This rise in the index is illustrated by a concurrent decrease in closing margins and closing leverage, with a more marked decline in leverage.

The end of 2024 showed encouraging signs both for fundraising and the recovery of the Private Equity market. Major transactions, such as the proposed sale of Sanofi's consumer healthcare unit, Opella, valued at approximately 15 billion euros, illustrate this trend.

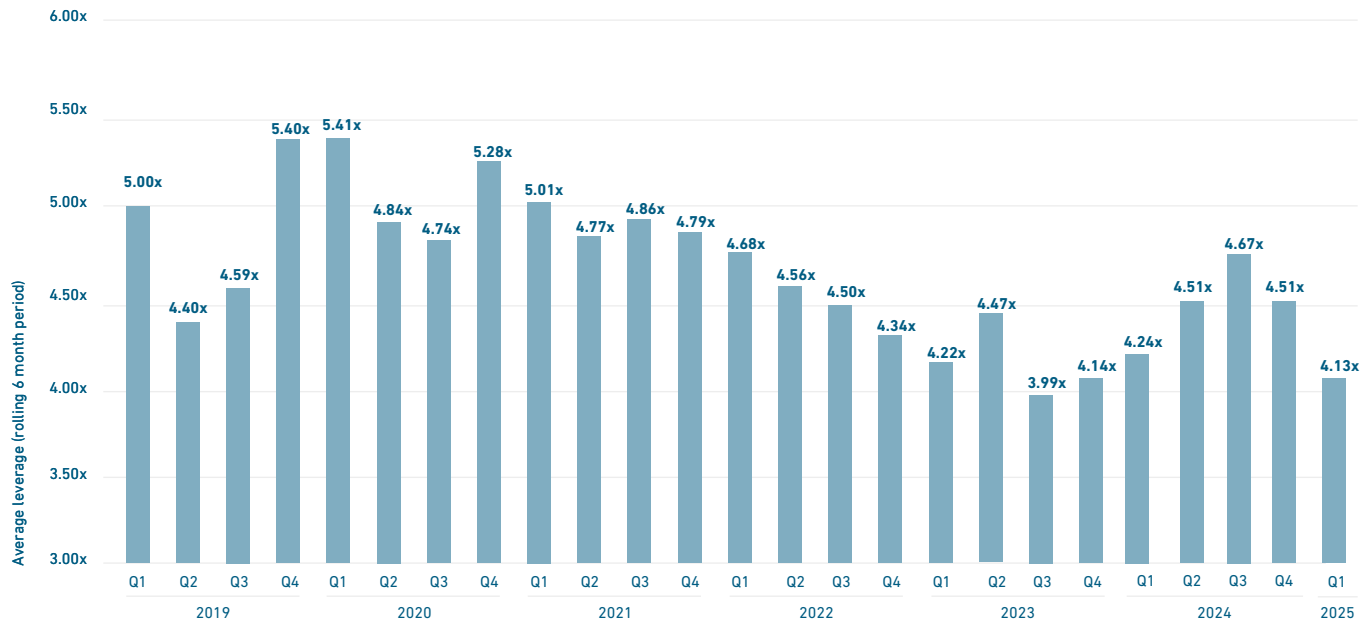
The Private Equity sector in France in 2025 is characterized by several notable trends:

- **Accumulation of dry powder:** Funds have record amounts of undeployed capital, exerting pressure to identify attractive opportunities.
- **Market polarization:** A clear distinction is emerging between high-quality assets, justifying high valuations, and those requiring operational transformations to improve their attractiveness (source PwC). Successive crises are leading to an extension of debt maturities. Refinancing or sales will need to be carried out in the coming months with assets that have not sufficiently deleveraged to present an attractive profile to the market.
- **Focus on ESG criteria:** Environmental, social, and governance considerations are central to investment decisions, with particular attention paid to companies demonstrating strong ESG performance.

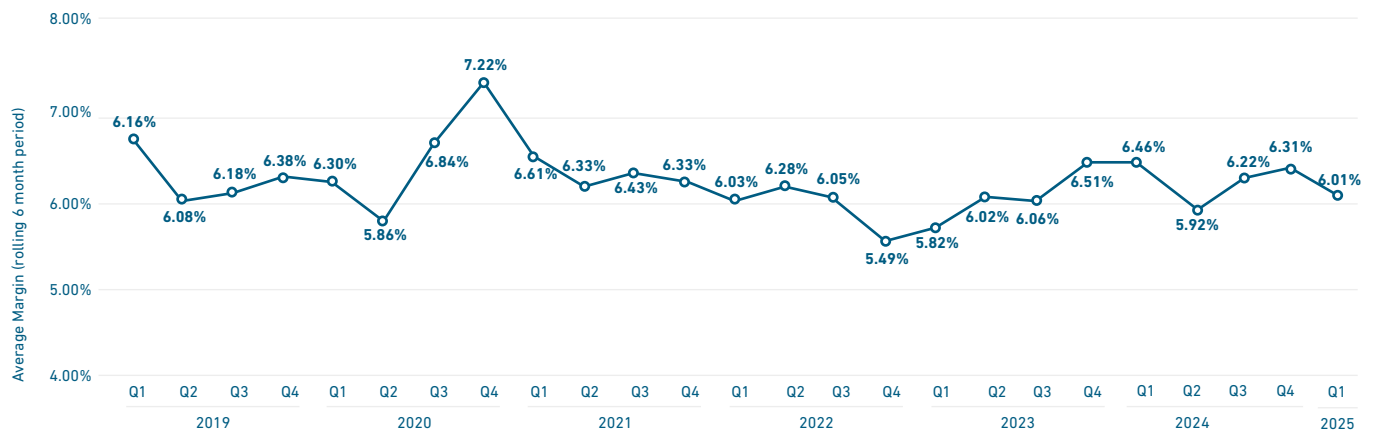
However, this improvement is balanced by the return of D. Trump. The beginning of his term and the trade war initiated with his main rivals have had a clear impact on financial markets. A climate of mistrust has settled in. The private market is reacting cautiously in new operations under negotiation and structuring.

INDEX COMPONENTS

Leverage at closing



Margin at closing



In the same dynamic as the previous quarter, closing leverage contracted to an average of 4.13x in Q1 2025, down 8.5% compared to the end of 2024 and 2.7% compared to Q1 2024. The political uncertainty brought by D. Trump is reflected in the caution exercised in closing leverage for new operations.

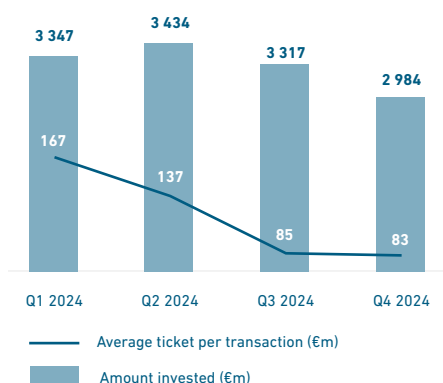
Average closing margins also declined but remained above 6.00%, a consistent level for unitranche. Thus, the average closing margin at the end of the first quarter stood at 6.01%, marking a decrease of 4.7% compared to Q4 2024 and a decrease of 7.0% compared to Q1 2024.

Closing margins follow the trend of leverage, although not proportionally. This lesser decline in margins has resulted in an increase in the index at the end of Q1 2025.

The market represented by the Index remains anchored in the MidMarket with an average debt amount at closing of €83 million (vs. €85 million in Q4 2024) and a total invested amount of €2.9 billion in Q1 2025.

On an LTM basis, the Aether FS Unitranche France Index base reveals the following data:

While the MidMarket is the most represented in the index and constitutes the core of the analysis, the upper and lower bounds of transaction tickets are indicative of a disparate market between both small cap and large cap issuances.



Data for Q1 2025

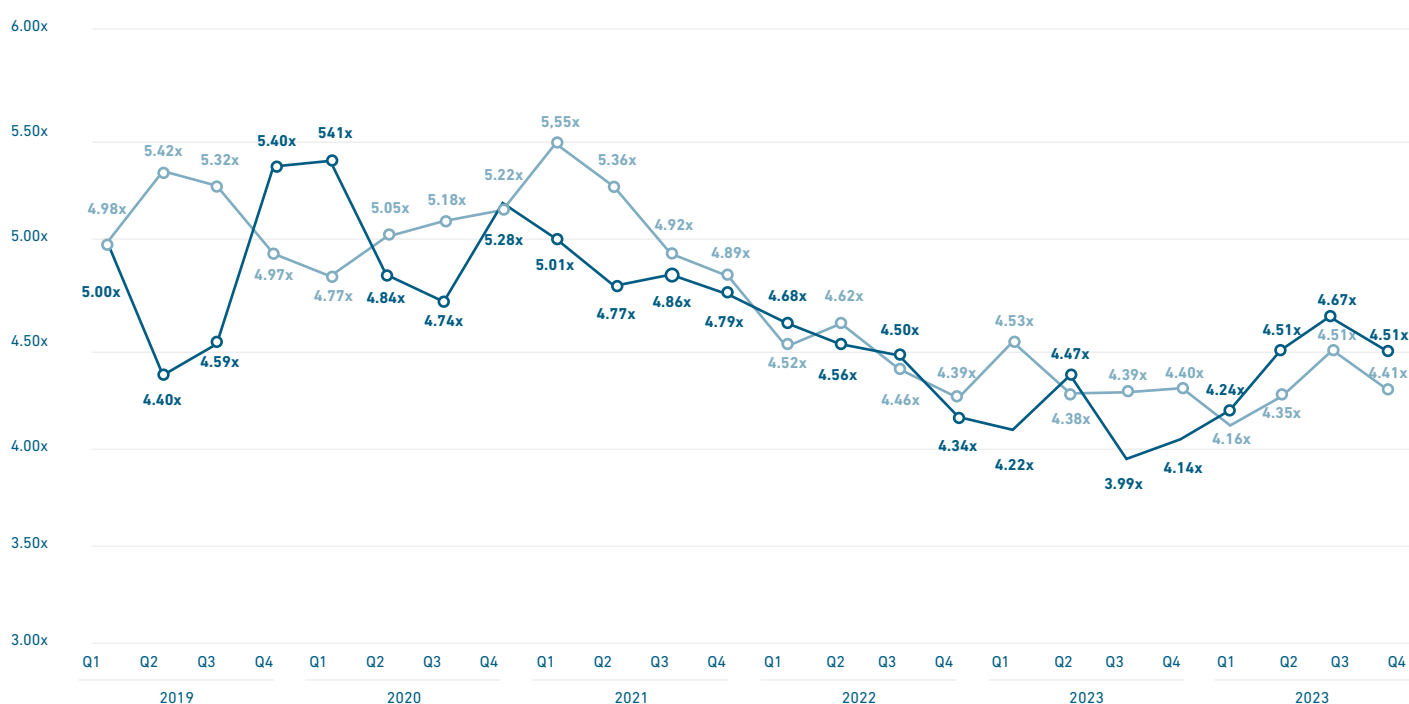
	Amount (€M)
Amount invested	2,984
Average ticket per transaction	83
Max amount transaction	396
Minimum amount transaction	3

AETHER FS UNITRANCHE FRANCE INDEX VS PORTFOLIO INDEX

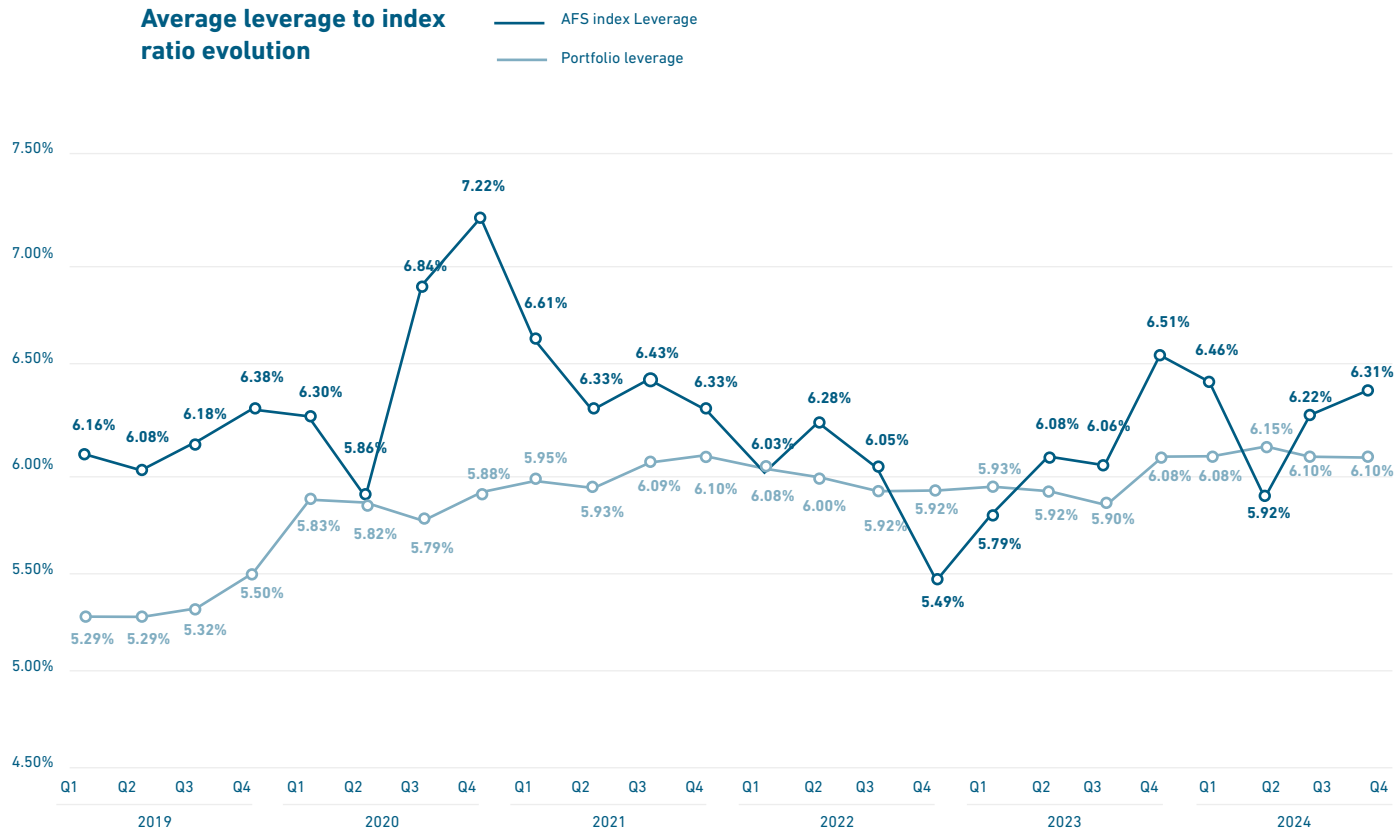
The behavior of Aether FS's unitranche portfolio shows a slight improvement. Leverage ratios are down at the end of 2024. This is good news that may be counterbalanced by the trade war initiated by D. Trump in the first quarter of 2025.

**Average portfolio Margin to
index ratio evolution**

— Index Margin
— Portfolio Margin

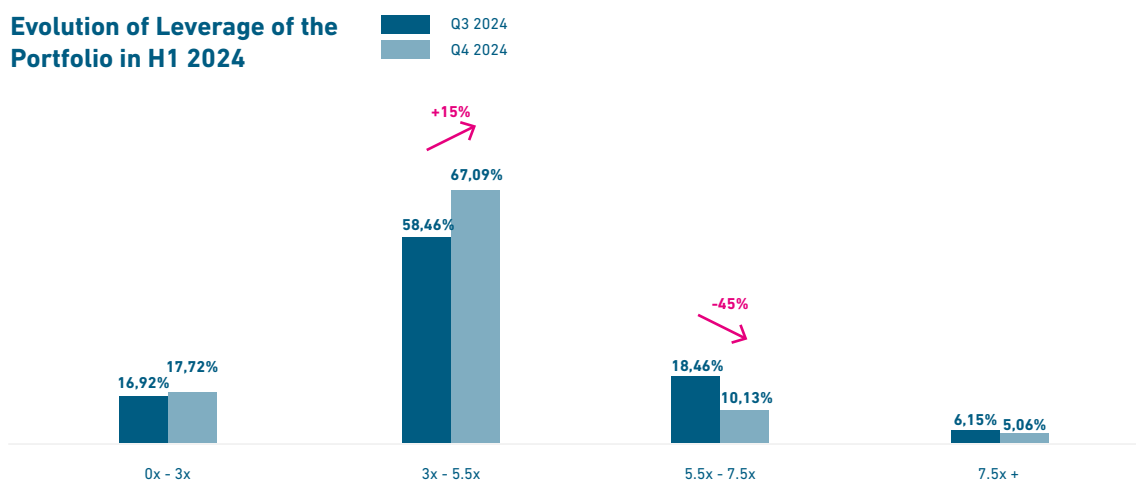


Average leverage to index ratio evolution



The portfolio shows a positive trend with gradual deleveraging. 85% of the portfolio has a leverage below 5.50x. Furthermore, unlike the third quarter of 2023 where we saw a significant increase in cases with leverage between 5.50x and 7.50x, the last quarter of the year is marked by a sharp decline (-45% vs Q3 2024) in high leverage cases. These cases have moved to the lower bound without affecting the upper bound.

Evolution of Leverage of the Portfolio in H1 2024



FOCUS ON LITIGATION VALUATION

While the UK is characterized by a well-established litigation funding ecosystem (total value of assets managed by UK litigation funders reached approximately £2 billion in 2021), France and the rest of Europe are in the early stages of embracing third-party litigation funding.

Litigation funding requires a very solid appraisal of the risk-return structure. Typical use cases are settlement negotiations (to assess fair offers), financial reporting (for contingent liabilities under accounting standards e.g., IFRS 37, mergers and acquisitions (to evaluate the risk of pending lawsuits in due diligence), insurance claims (for litigation funding and insurance coverage assessments).

Aether Financial Services, one of the leading financial markets valuation expert, provides a highlight of the key methodological steps in providing valuation in the context of a litigation.

1. Understand the legal context

It all starts with a clear analysis of the type of litigation (e.g., breach of contract, intellectual property, personal injury). Jurisdictional factors come next: consider the governing law, legal precedents, and venue characteristics. Last, one needs to assess the merits of the case based on evidence, legal arguments, and procedural posture.

2 – Quantify potential outcomes

Economics of the litigation are to be carefully estimated: monetary damages (compensatory, punitive, and consequential damages, if applicable); direct costs (attorney fees, court costs, expert witness fees, and other litigation-related expenses); non-monetary outcomes (potential injunctions, reputational damage, or operational disruptions).

3 – Probability assessment

Central to the valuation is the determination of the win/loss likelihood. One needs to estimate the chances of a favorable, unfavorable, or partial outcome using historical data, expert opinions, and case analysis. It is also necessary to evaluate the settlement likelihood: the probability of settling versus going to trial and the likely settlement range.

4 – Time value of money

Paramount to the evaluation is the expected timeline: litigation can take years and expected duration needs to be incorporated into the valuation. Also, the discount rate to be applied is going to be a matter of discussion depending on the case's risk profile.

At that point, several approaches can be developed depending on the situation to combine the above appropriately. This includes scenario analysis, sensitivity analysis, decision tree analysis and possibly Monte Carlo simulations. The determination of several parameters will also certainly rely on an analysis of comparable cases. Behavioral factors can also be incorporated into the analysis, such as the opposing party's resources, risk appetite, and willingness to settle. Last, it is necessary to account for changes in laws or economic conditions that may influence the case.

All the factors listed above (and there are quite a few, which makes litigation valuation a challenging but exciting exercise), tend to change over time and, in practice, the analysis will have to be adjusted regularly to provide decision makers with the appropriate data.

Finally, the valuation analysis, although potentially complex, needs to present clear and defensible assumptions, data, and methodology. It must ensure transparency for use in negotiations, financial reporting, or internal decision-making.

PRESENTATION OF AETHER FINANCIAL SERVICES

Independent French leader in the execution of financial transactions, Aether Financial Services stands out for its dynamic and innovative approach, breaking away from traditional codes of the financial sector. Comprising a team of over 50 employees spread across Paris, London, Madrid, and Milan, the company offers a comprehensive range of services to its clients by providing administrative, legal, and financial resources. A true one-stop shop, with expertise in Agency, Valuation, and unlisted securities services (Corporate and Issuer Services), Aether Financial Services has become an essential partner for Corporate Finance players. As the only independent French financial agent with payment institution approval issued by the ACPR, Aether Financial Services manages flows on behalf of third parties, acting as an escrow agent or paying agent, thus intervening across the entire value chain of financial transaction execution.



AGENCY

Active in Private Debt and Capital Markets, Aether Financial Services covers all financing agent roles (Loan agent, Bond agent, Administrative agent, Calculation agent, Security agent, etc).



VALUATION AND CALCULATION

Aether Financial Services values all types of financial instruments or securities, from the most «vanilla» to the most structured, for recurring, specific or one-off requirements.



CORPORATE AND ISSUER SERVICES

Aether Financial Services offers a range of digital solutions dedicated to the administrative management of functions relating to securities transactions (capital increases, general meetings, record keeping, etc.).

AETHER FINANCIAL SERVICES' COMMITMENT TO SOLIDARITY

For several years, Aether Financial Services has been involved with associations through Social Impact Contracts (la Cravate Solidaire, the Auteuil Foundation and the Article 1 association). In 2021, Aether Financial Services committed to protecting the environment through reforestation and forest preservation alongside Reforest'Action. This partnership demonstrates Aether Financial Services' commitment to the environment and its desire to help combat global warming.

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By post: Louis Thuillez, Aether Financial Services, 36, rue de Monceau 75008 Paris

By email : indicedetteprivee@aetherfs.com

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