KENTRIDGE CAPITAL
PRIVATE CAPITAL ADVISORY

2027 Private Markets Outlook

The Segmentation of Capital

There has never been more capital in private markets. What has changed is how narrowly each pool of it now defines the risk it will take, and how much structuring work sits between a borrower and the capital that ought to fit it.

Private credit · Structured capital · Project finance · Asia-Pacific
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Contents

EXHIBITS

About this report

The analysis and house view in this report are KentRidge Capital's, drawn from the firm's own 2026 mandate flow and counterparty dialogue. External market data is cited at the point of use and in the source list at the back. Charts are produced by TSCS from the sources cited on each exhibit. Where an exhibit draws on KentRidge mandate data, that is stated on the exhibit itself.

1. Executive Summary

2027: selectivity returns, and capital segments

Private markets enter 2027 holding more capital than at any point in their history and deploying it more carefully than at any point since 2009. Borrowers and allocators tend to describe this market in opposite terms, which is understandable, because they are looking at different ends of the same transaction.

Global private credit assets under management passed US$2 trillion during 2026 and are forecast to approach US$4 trillion by 2030. Closed-end private capital funds globally held US$4.63 trillion of dry powder at the end of the second quarter of 2025, and more than 40% of deployable capital had by then been sitting inside its investment window for at least two years. US private equity dry powder stood at roughly US$1.13 trillion through June 2026. By any aggregate measure there is no shortage of capital.

Borrowers across the lower middle market, in transitional situations, and across most of Asia outside the largest economies spent 2026 reporting the opposite. What has happened is that capital has segmented. Each pool of it, whether insurance-backed, evergreen retail, closed-end institutional, bank or development finance, now carries its own minimum ticket, collateral preference, jurisdictional comfort and documentation standard. Whether a business can raise money depends heavily on which of those pools it happens to sit near, and on whether its risk can be reshaped to fit.

This is the organising thesis of the report. **For 2027 the question worth asking is how capital is divided rather than how much of it there is, and what structuring work moves a borrower from one segment into another.**

Section 3 sets out what our own 2026 mandate flow taught us about that question. It is the part of this report we could not have written from published data, and its central finding is that the segmentation runs differently in different markets. In the United States the gap sits at the bottom, below the institutional floor. In Asia it sits in the middle, and is driven less by credit quality than by the legal, diligence and currency overheads that make mid-sized cross-border transactions expensive to underwrite. Read together, those two facts point at a capital corridor running east to west, which Section 3.5 sets out and which is where we intend to concentrate effort in 2027.

Why the screens are tightening, and why they will not loosen on their own

The segmentation described above is usually treated as a market condition, something that eases when credit conditions ease. We think that is wrong, and the mechanism is worth stating because it changes what a borrower or an allocator should do about it.

A capital pool's screens are set by its liabilities, not by the assets in front of it. Insurance liabilities are long-dated and rated, so insurance-backed capital requires contractual, collateral-backed cash flow and will not accept enterprise-value coverage regardless of how attractive a particular credit looks. Evergreen retail vehicles promise periodic liquidity, so they require scale, secondary marketability and names large enough to exit, which sets a minimum ticket that has nothing to do with the borrower's quality. Bank funding is priced off regulatory capital, which sets turnover and loss-making tests before a credit officer reads a file. Closed-end institutional capital has the loosest screens of the four, because its liabilities are its own and it can hold whatever it underwrote.

The consequence follows directly. **Screens set by liabilities do not move with the credit cycle, and all three of the growing funding channels carry tighter screens than the shrinking one.** Insurance and private wealth have supplied most of the growth in private credit since 2024, while traditional closed-end institutional fundraising has plateaued. The mix is rotating towards capital that structurally cannot say yes to a mid-sized, cross-border, collateral-light borrower, and no improvement in that borrower's EBITDA will change the answer.

Two things follow that matter more than the observation itself. First, this cannot be solved by aggregation. A jurisdiction exclusion does not amortise across a larger fund, and neither does a minimum ticket set by a liquidity promise. The gap is structural rather than a matter of scale. Second, the conclusion is falsifiable on a quarterly schedule: if the fundraising mix rotates back towards closed-end institutional capital, screens should loosen and the gap should narrow. We would expect the opposite through 2027, and readers should hold this report to that test.

The same logic identifies where a mid-sized, structurally awkward, cross-border transaction can actually be underwritten. If screens are set by liabilities, discretion sits with the pools whose liabilities are their own, and with allocators large enough to carry deal-level diligence and currency capability in-house. Section 3.5 takes that further: institutional demand for Asian exposure is documented and rising, the preferred route has shifted towards co-investment, and the binding constraint is verification at the level of the individual asset.

What changed during 2026

- **The mix rotated faster than the headline.** Direct lending's share of private credit fundraising fell to roughly 31% by the first quarter of 2026, with asset-based finance, infrastructure debt, real estate credit and special situations absorbing the balance.
- **Underwriting standards tightened at the funding layer, not just the borrower layer.** The April 2026 Senior Loan Officer Opinion Survey recorded large and regional banks tightening terms to non-bank financial intermediaries across loan size, maturity, risk premium, covenants and collateral, while demand from those same intermediaries strengthened.
- **Cash-flow stress broadened.** Payment-in-kind usage rose across a wide range of industries rather than concentrating in a few troubled ones. In construction, PIK shares rose from below 5% in 2022 to close to 20% by early 2026.
- **The exit bottleneck persisted.** Only 872 private-equity-backed exits completed in the first half of 2026, against 1,210 in the same period of 2025, keeping distributions, rather than marks, at the centre of the limited-partner conversation.
- **Infrastructure became the dominant credit story.** Data centre asset-backed and mortgage-backed issuance reached roughly US$26 billion in 2025, more than ten times the 2020 level, with forecasts of US$30 to 40 billion for each of 2026 and 2027.

The five themes we carry into 2027

Theme	The thesis in one line
Capital abundance, underwriting scarcity	Aggregate capital and individual financeability have decoupled; mandate constraints now bind harder than fund size.
The financing gap widens	The most attractive advisory ground sits between conventional bank debt and traditional equity: structured credit, preferred equity, AssetCos, acquisition bridges and hybrids.
Infrastructure creates financing ecosystems	Every megaproject generates smaller, more accessible financings around equipment, power, suppliers, SPVs, construction and pre-stabilisation.
Cash control becomes creditworthiness	Borrowing bases, account control, direct supplier payment and self-liquidating structures can make financeable what balance-sheet underwriting rejects.
Asia becomes a structuring market	The regional constraint is no longer capital availability but the absence of structures that fit local collateral, enforcement and counterparty realities.

The rest of the report covers the macro backdrop, our own house view from live mandates, the state of private credit and private equity, the structured-capital toolkit, the Asia-Pacific picture, seven sector views, the risks that would invalidate this outlook, and where we think the work actually is.

2. The Global Macro Backdrop

Three things shape the macro setup for 2027: an energy-driven inflation shock that is now fading, policy rates sitting close to neutral rather than restrictive, and labour markets that have started to cool in a way that is orderly but no longer ambiguous.

Growth

US growth has been decelerating from the 2.1% recorded in 2025, with private fixed investment outside technology-related categories contracting since that year. The July 2026 employment report was the clearest signal yet: non-farm payrolls fell by 23,000 against expectations of an 83,000 gain, government employment declined by 53,000, and average hourly earnings growth slowed to 3.2% year on year, the weakest reading since May 2021. The unemployment rate edged down to 4.1%, but largely on falling participation. Forecasters expect US unemployment to average closer to 4.6% in 2027.

The euro area picture is distorted by Irish data but the underlying pattern is a shallow trough followed by recovery. Consensus and official projections cluster around growth of roughly 0.9 to 1.0% in 2026 improving to 1.3 to 1.6% in 2027, as the drag from the Middle East energy shock and tariff uncertainty fades and German fiscal expansion feeds through. Euro area headline inflation is expected to fall from roughly 2.7% in 2026 towards 2.1% in 2027.

Asia remains the growth engine, but with wide dispersion. India continues to lead on both growth and private-capital formation. Southeast Asia's domestic consumption is projected to compound at roughly 6 to 9.5% annually over the coming decade, against approximately 3.5% in the European Union and 4.5% in the United States. Greater China remains a selective proposition in which policy risk, enforceability and capital mobility dominate underwriting.

Rates and inflation

The Federal Reserve held its target range at 3.50 to 3.75% at the July 2026 meeting. Following the July payrolls miss, market-implied odds of a September hold rose to roughly 56% from 45% a day earlier, with tightening probabilities collapsing. The prevailing expectation is that the Fed remains on hold into 2027 while adopting an explicitly two-sided reaction function that preserves the option to tighten if inflation expectations become unanchored, before resuming cuts as the energy impulse reverses.

The composition of the committee matters more than usual this year. Kevin Warsh was confirmed by the Senate on 13 May 2026 in a 54 to 45 vote and sworn in as the seventeenth chair on 22 May, and he has moved quickly. His first meeting in June held the range and deleted forward-guidance language from the statement, while nine of eighteen officials projected at least one further hike in 2026. He has also been publicly critical of core PCE as the anchor measure, preferring trimmed averages, though he has since rejected the characterisation that he favours the Dallas Fed series specifically and has called for new measures to be developed. The practical point for borrowers is that the gap is wide: headline PCE has run above 4% while the Dallas trimmed mean has printed nearer 2.4%. A chair who weights the lower series has room to ease that a core-PCE reaction function would not provide, and a chair who deletes forward guidance has removed the mechanism markets used to price that room in advance.

The European Central Bank has moved in the opposite direction from a broadly neutral stance, and is expected to hold at that higher level through the end of 2027. The Bank of England remains restrictive. The ten-year US Treasury yield eased to 4.64% after the July jobs data.

Japan is the exception worth watching most closely, because it is the one major market where the direction of travel is unambiguously upward. The benchmark policy rate has moved off its long floor while the ten-year government bond yield has risen faster still, taking the term premium to levels not seen since before the deflation era. For Asian borrowers, a rising Japanese curve matters twice over: it raises the cost of the yen funding that has quietly underwritten a great deal of regional carry, and it changes the calculus for the Japanese institutional money that has become an important marginal buyer of Asian private credit.

Indicator	2025	2026	2027 (expected)
US policy rate	Cutting cycle	Held at 3.50 to 3.75%	On hold, two-sided; cuts resume as energy impulse fades
US inflation	c.2.6%	Rising to c.3.4% on the energy shock	Disinflation resumes; tariff impulse ceases
US unemployment	c.4.3%	4.1% (July), participation-flattered	Averaging c.4.6%
Euro area growth	c.1.1 to 1.2%	c.0.9 to 1.0%	c.1.3 to 1.6%
ECB stance	Easing to neutral	Tightened from neutral	Held through year-end
10-year UST	n/a	4.64% (August)	Range-bound; curve shape the variable to watch

Sources: US Bureau of Labor Statistics; FOMC; CME FedWatch; ECB staff projections and Survey of Professional Forecasters, Q2 2026; EY Global Economic Outlook, June 2026; Morningstar economic outlook, July 2026. Expectations are consensus ranges, not KentRidge forecasts.

Markets

Asset prices and labour data moved in opposite directions through mid-2026. The S&P 500 closed at a record 7,757.64 in the week of the payrolls miss, up 3.6% over five sessions, while employment contracted. Equity strength keeps sponsor exit windows open and supports the enterprise values that collateralise cash-flow lending. On its own it says nothing about whether borrowers are generating cash.

Credit spreads tell a similar story of top-of-market compression. Upper-middle-market direct lending spreads have tightened towards the region of SOFR plus 450 to 500 basis points, and bank groups have shown willingness to price availability-governed borrowing bases inside SOFR plus 200 for well-structured collateral pools. Compression at the top pushes yield-seeking capital down into the core and lower middle market, where structuring capability tends to decide the outcome.

KRC VIEW: WHAT THE MACRO MEANS FOR FINANCING

A policy rate near neutral rather than clearly restrictive is the most important single input for 2027 origination. It stabilises interest-burden forecasts for floating-rate borrowers and relieves pressure on fixed-charge coverage covenants, which reopens the refinancing window that closed for weaker credits in 2023 to 24.

The same report that eased rate fear introduced demand fear. We would underwrite 2027 with rate risk lower and top-line risk higher, which argues for collateral, cash control and amortisation ahead of covenant reliance and enterprise-value coverage.

3. House View: What Our Dealflow Has Taught Us

This section is drawn from KentRidge's own mandate flow and counterparty dialogue through 2026 rather than from published market data. During the year our work spanned real assets and resources, infrastructure and project finance, trade and working capital, industrial and technology manufacturing, consumer and brand-led assets, and strategic sale processes, across Asia, India, Australia, Europe, Africa and the United States.

The sectors changed constantly while the financing problems stayed the same.

THE HOUSE LINE

Bankable risk is scarcer than capital.

Businesses rarely fail to attract capital because capital does not exist. They fail because the opportunity has not been translated into a risk that the right capital provider can underwrite.

3.1 Capital providers do not finance industries. They finance repayment.

A lender does not ultimately care whether the borrower produces fuel, trades commodities, builds infrastructure or manufactures advanced equipment. The questions are narrower than that. What generates the cash, who is contractually obliged to pay it, when does it arrive, and what can the capital provider control if it does not?

We saw the same business become financeable and unfinanceable in the same month depending on how the requirement was framed. Reframed as a corporate growth story, it failed on leverage. Reframed around a specific repayment mechanism, with the cash path documented from order to collection, it cleared.

Situation	The repayment chain that has to be visible
Working capital	verified order → goods → receivable → controlled collection → repayment
Project financing	construction → commissioning → contracted operating cash flow → debt service
Refinancing	existing asset or cash flow → new capital structure → defined deleveraging or take-out
Growth and pre-IPO	milestone → customer contract → revenue → conversion or redemption event

COMMERCIAL CONCLUSION

For part of Asian private capital the scarce commodity is exit certainty and enforceability rather than return, and both have been repriced by experience over the past three years. Where that holds, and where the hedged excess return survives comparison with regional alternatives, Western lower-middle-market credit with hard collateral and trading history closes two structural gaps against each other.

We are testing that proposition rather than asserting it. If the 2027 edition of this report cannot show sourced Western transactions funded by Asian capital, at a spread that survives its hedge, the section should be retired rather than repeated.

3.2 The size ladder is the real market structure

The single most useful thing we learned in 2026 is that the market is organised by minimum ticket long before it is organised by credit quality. Across the year we spoke to lower-mid-market advisers working at three to five million dollars, regional trade and transaction banks writing borrowing bases and letters of credit in the tens of millions, Asian growth-credit funds with revenue and profitability floors attached to fifteen to twenty-five million dollar cheques, sponsorless private credit managers requiring double-digit EBITDA before a twenty to twenty-five million dollar ticket becomes economic, securitised and digital-asset lenders with twenty-five million dollar minimums, and global banks and large-cap desks operating from fifty million dollars upward.

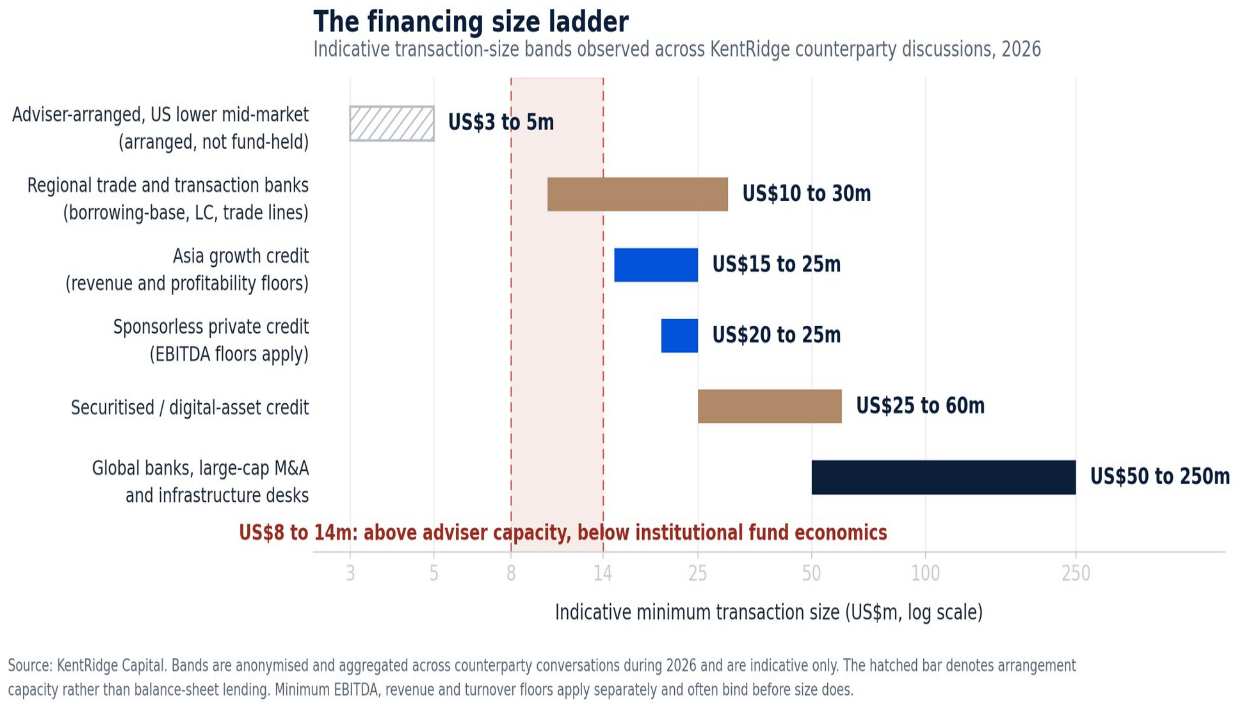

Exhibit 1 — The financing size ladder. Chart: TSCS. Data: KentRidge Capital.

The bands overlap in the middle of the chart and separate at both ends. What matters is where they do not overlap. A borrower needing eight to fourteen million dollars is too large for the advisers who would happily arrange five, and too small for the funds whose economics start at twenty. That band is where a substantial share of our pipeline sat throughout 2026, and it is not a credit-quality problem. It is a fund-economics problem being experienced by the borrower.

One distinction in the exhibit needs stating plainly, because the next section appears to contradict it. The lowest band on the chart is arrangement capacity, not balance-sheet lending. Transactions of three to five million dollars are placed by advisers, frequently under government-guarantee programmes, and they are rarely held by an institutional fund. So the band is served in the sense that somebody will arrange it, and underserved in the sense that almost no institutional capital will hold it. Section 3.3 uses the second sense. The chart shows the first.

Size is also rarely the only floor. The same conversations produced minimum EBITDA thresholds, minimum revenue thresholds, requirements to be EBITDA-positive within a defined window, minimum turnover requirements at the bank end running into the hundreds of millions, and prohibitions on loss-making borrowers. In practice the non-size floors bound first more often than the size floor did.

> **COMMERCIAL CONCLUSION**
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> Financeability is always relative to a specific institution's floors rather than an absolute property of the business. Screening the borrower against the lender universe before going to market is a larger part of the work than negotiating terms afterwards.

3.3 The United States and Asia are not the same market

The ladder above is a global average, and averaging it hides the most actionable thing we learned in 2026. The two markets we work in most are close to mirror images of one another.

In the United States, the scarcity of institutional balance sheet sits at the bottom. Three to five million dollar slugs are genuinely underserved by funds, because they are too small to carry a fund's diligence and monitoring cost, even though advisers and guarantee programmes will arrange them. Ten million dollars and above is comparatively saturated. That reading is not ours alone. Muzinich has described the US lower middle market as structurally underserved, with competition materially lower and lender influence higher than in the segments above it, and Man Group's 2026 credit outlook notes deal scarcity in the upper middle market producing significant name overlap across managers, which is what saturation looks like from the allocator's side. Avante Capital makes the same point from the manager's side: lower-middle-market lenders have retained documentation standards and reduced competition while larger funds face compressed spreads.

The consequence is that US yields at the smaller end have held up better than the headline private credit narrative suggests, and that has started to pull capital across the Pacific. Several of the Asian family offices we spoke to during 2026 are allocating into US private credit rather than domestic opportunities, on a straightforward comparison of risk-adjusted yield, documentation quality and enforceability. Roughly 80% of US direct lending transactions carry maintenance covenants and the typical middle-market deal has two actively tested financial covenants, which is precisely the intervention right a family office allocating without a large credit team wants to own.

In Asia the scarcity sits in the middle, and for different reasons. The section below sets out why.

	United States	Asia
Where the gap is	At the bottom. Three to five million dollar transactions are underserved because diligence and monitoring cost does not scale down	In the middle. Banks serve the top, networks serve the bottom, and the institutional middle carries a jurisdiction and diligence premium
Where it is crowded	Ten million dollars and above, with visible name overlap between managers at the upper end	Large, well-documented, single-jurisdiction credits, where global funds and regional banks compete directly
Lender protections	Maintenance covenants near-standard in direct lending; two actively tested covenants typical in the middle market	Highly variable by jurisdiction; enforceability and security perfection often matter more than the covenant package
What draws capital	Yield, documentation quality and enforceability, now pulling allocations from Asian family offices	Growth, bank retrenchment and the absence of a deep high-yield or CLO alternative
Practical implication	Origination advantage sits below the institutional floor	Structuring advantage sits between the bank ceiling and the fund floor

COMMERCIAL CONCLUSION

Do not run one playbook across both markets. In the United States the edge is reaching transactions below the institutional floor. In Asia the edge is building a structure the institutional floor will accept.

3.4 What Asia costs to underwrite, and what its banks will still do

Asia's financing gap is usually explained by bank concentration and shallow public debt markets, both of which are true and both of which appear in Section 7. Neither explains why capital that wants Asian exposure still struggles to deploy it. The answer we kept meeting in 2026 is friction cost.

Audit quality is inconsistent across the region and rarely comparable between jurisdictions. Regulation differs sharply from market to market, and so do accounting standards, which makes cross-border comparison of two apparently similar borrowers slow and expensive. Currencies differ enormously in stability and convertibility, adding a hedging overhead on top of the credit question. A meaningful share of the region sits in amber or red risk categories for institutional investors on jurisdiction grounds alone. And the absence of on-the-ground presence makes it hard to validate a business, inspect an asset or verify a counterparty, which is the point at which many international investors stop rather than price the risk.

None of those is a credit problem. All of them are cost-of-diligence problems, and they land on transactions that are frequently too small to absorb them. That is the real mechanism behind the Asian middle-market gap, and it is why local presence, verified collateral and controlled cash are worth more in Asia than an equivalent improvement in leverage.

The counterweight is that Asian banks have not withdrawn. Through 2026 they remained open, constructive and reasonably optimistic on transactions, if cautious in their conditions. In the ten to fifty million dollar range bank funding is available and is priced far inside private credit, in the region of SOFR plus three per cent for the credits that qualify. For a mid-tier SME that can meet a bank's evidentiary standard, that route allows it to scale without ever touching private credit, and advising a borrower to take it is frequently the right answer even though it is not the mandate that pays best.

At the other end, businesses raising five million dollars or less in either debt or equity struggle to secure institutional capital at all, and typically raise it through direct networks. That is where family office relationships do the work that no institutional process will, and it is the one part of the Asian market where who you know remains a better predictor of outcome than what the numbers say.

> **COMMERCIAL CONCLUSION**
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> Price the friction alongside the credit. In Asia, legal, diligence and FX overheads are the binding cost on mid-sized transactions, and structures that reduce them, meaning local security, controlled accounts, verified collateral and on-the-ground validation, do more for executability than leverage negotiations.
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> Know when the answer is a bank. Where a borrower can meet an evidentiary standard in the ten to fifty million dollar range, bank funding at roughly SOFR plus three is cheaper than anything private credit will offer, and sending them there builds more long-term relationship value than forcing a fund process that will fail.

3.5 The direction that clears

Section 3.4 explains why capital that wants Asian exposure struggles to deploy it. This section sets out who that capital is, how much of it there is, and the filter that decides which part of the Asian market it can actually reach.

The demand is measured rather than asserted. Aviva Investors' 2026 Private Markets Study, covering 500 institutional investors representing US$6.5 trillion of assets, records average private markets allocations at 12.5% of portfolios, the highest in the study's eight-year history. The regional split matters more than the average: North America 14.4%, Europe 12.1%, Asia-Pacific 11.9%. Eighty-eight per cent of respondents intend to increase or maintain those allocations over the next two years. At the sovereign end of the market the figures are far higher, reported in the region of 29% for sovereign wealth funds.

Two readings follow. Private markets are now a structural allocation rather than a satellite one, and capital committed to them has to be deployed somewhere. And the region carrying the fastest projected private credit growth carries the lowest allocation of the three.

The access route is changing, and the change is the opportunity. The same study records 54% of institutions naming co-investment as their preferred route to market, against 35% a year earlier. Among investors managing more than US$20 billion the figure is 57%, up from 38%. The reasons given are access to larger transactions, cost, and access to high-quality assets.

Co-investment is deployment at the level of a specific asset rather than through a blind pool. It requires the allocator to see, verify and underwrite that asset. In a market where they hold no local presence, that is exactly the capability they lack, and it is the constraint described in Section 3.4 arriving from the other side. Capital that wants to co-invest in Asia needs somebody in Asia to do the work that makes co-investment possible.

Currency is the second filter, and it is usually misunderstood. The cost of hedging is in substance the interest-rate differential. An allocator hedging higher-yielding local-currency Asian assets back into dollars gives up most of the differential that attracted them. The reverse trade fails the same test: an Asian institution hedging dollar income into a lower-yielding home currency pays away the pickup, which is why Japanese institutional demand for US credit has tracked the differential more closely than it has tracked the credit.

The conclusion is general and worth stating plainly. Hedging arbitrages away cross-border yield differentials. A cross-border allocation justified by a rate gap is not justified at all. It has to be earned on illiquidity, on complexity, or on the scarcity of underwriting capacity, because those are the three things that survive a hedge.

The two directions are not symmetric in who carries that cost. An institution managing more than US$20 billion already has multi-currency mandates, a treasury function and hedging infrastructure. A single family office has none of it and would build it for one transaction. The same risk, at a materially different cost of bearing it.

The filter that makes the exposure investable

A significant share of Asian private credit generates hard-currency cash flow: dollar-denominated trade receivables, commodity sales, export flows, and contracted offtake at project level. Those assets carry Asian credit risk without Asian currency risk. The distinction is rarely drawn. The regional financing gap is discussed as one market, and it is at least two.

	Local-currency slice	Hard-currency slice
Cash flow	Domestic revenue in local currency	Dollar trade receivables, commodity sales, export flows, contracted offtake
What the allocator must bring	A currency view, hedging capacity and a longer horizon	Credit underwriting only; no currency view required
Practical accessibility	Genuinely difficult for foreign capital	Materially more accessible; this is where cross-border capital clears first

KentRidge framing, 2027. The regional financing gap is usually discussed as one market; in practice it separates on the currency of the borrower's cash flow.

We think this is the most useful thing in the section. The local-currency slice requires a currency view, hedging capacity and a longer horizon, and it is genuinely hard for foreign capital to reach. The hard-currency slice requires none of those things and is materially more accessible. Most discussion of Asian private markets prices the difficulty of the first and then applies it to the whole. That is why the gap looks less tractable than it is.

Two disciplines keep this honest. First, hard-currency revenue is a filter, not a guarantee: an exporter with dollar receivables still carries local operating, legal and enforcement risk, and Section 3.4 applies to it in full. Second, the mechanism only works where the diligence cost is amortised across a pipeline rather than a single transaction. An allocator doing one deal a year in the region should use a fund. The case for direct deployment begins at the point where the verification capability is used repeatedly.

That is the business we are in. Screening, structuring, local verification and ongoing servicing are largely fixed costs, and an adviser amortises them across a pipeline. Below a handful of transactions a year the allocator should route through a fund or not participate, and saying so is more useful than pretending otherwise.

What we observe supports the direction rather than the size. Our 2026 dialogue showed consistent interest from global and regional institutions in Asian exposure, and consistent difficulty converting that interest into executed transactions. We are not able to size that flow from our own data, and we do not present published allocation figures as though we had.

COMMERCIAL CONCLUSION

The demand for Asian private-market exposure is documented and rising, and the preferred route to it has shifted towards co-investment, which requires deal-level verification the allocator cannot perform remotely. That is the gap.

It does not open across the whole market. It opens fastest where the borrower's cash flow is already in hard currency, because that removes the currency question without removing the credit. Trade, commodities and contracted infrastructure sit on the right side of that line, and they are where we concentrate.

3.6 What banks are actually lending against

Banks lend against things that already exist. Historical cash flow, receivables, inventory, equipment, contracted revenue, operating assets, established counterparties, visible transaction history, deposits and recurring EBITDA. Presented with a new activity or a new vertical, they ask first for evidence that the borrower has done it before, and they mean counterparties, historical transactions, bank movements, invoices and payment behaviour rather than projected volumes.

Two conversations in 2026 made the point more sharply than any amount of theory. In one, a regional trade bank was willing to discuss a trade facility at a multiple of earnings that no cash-flow lender would have entertained, but conditioned the credit on the borrower opening an account at its own branch so collections would route through the lender. The credit decision turned on cash control, not on leverage. In the other, a global bank declined the same borrower without reaching the credit question at all, because the borrower fell below a turnover floor measured in the hundreds of millions of dollars.

> **COMMERCIAL CONCLUSION**
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> Banks finance yesterday in order to fund tomorrow. Where the borrower cannot demonstrate history, collateral or contractual cash flow, stop forcing the situation into a conventional bank product and move to private credit, structured capital or equity.
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> Where the borrower can offer cash routing, ask for it early. In 2026 account control did more to unlock bank appetite than any improvement in the leverage profile.

3.7 Working capital is the deepest under-served need, and concentration is the binding constraint

Growing businesses consume cash. That is most obvious in commodities, EPC, manufacturing, distribution and project supply chains, where the operating cycle runs pay supplier, produce or build or ship, invoice, wait, collect. A company can be profitable and simultaneously starved of liquidity, and several in our 2026 pipeline were exactly that.

These are among the most attractive situations we encounter, because the financing can be tied directly to an underlying commercial transaction rather than to the borrower's balance sheet. The best working-capital credit does not depend primarily on who is borrowing. It depends on who owes the money and why.

The recurring failure mode is concentration rather than size. Where a small number of names account for most of the receivables book, that concentration caps the facility long before leverage does. The right answer in those situations was a smaller pilot facility scaling on verified performance, with eligibility criteria, concentration limits, invoice verification, customer acknowledgement and a lender-first waterfall, rather than a larger facility argued on EBITDA.

> **COMMERCIAL CONCLUSION**
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> A strong receivable can be worth more to a lender than a strong borrower. Companies with excellent customers, large order books and poor cash conversion deserve particular attention in origination. Concentration, not size, sets the ceiling.

3.8 Project finance is the business of converting development risk into financeable risk

We see project financing repeatedly because real assets require enormous upfront deployment before they generate anything. Mines need development capital, generation plants need construction capital, airports need expansion capex, and manufacturers need production equipment, all of it long before stabilisation.

Investors do not finance the original concept. They finance the project after successive layers of uncertainty have been removed, and each milestone changes both the available investor universe and the required return.

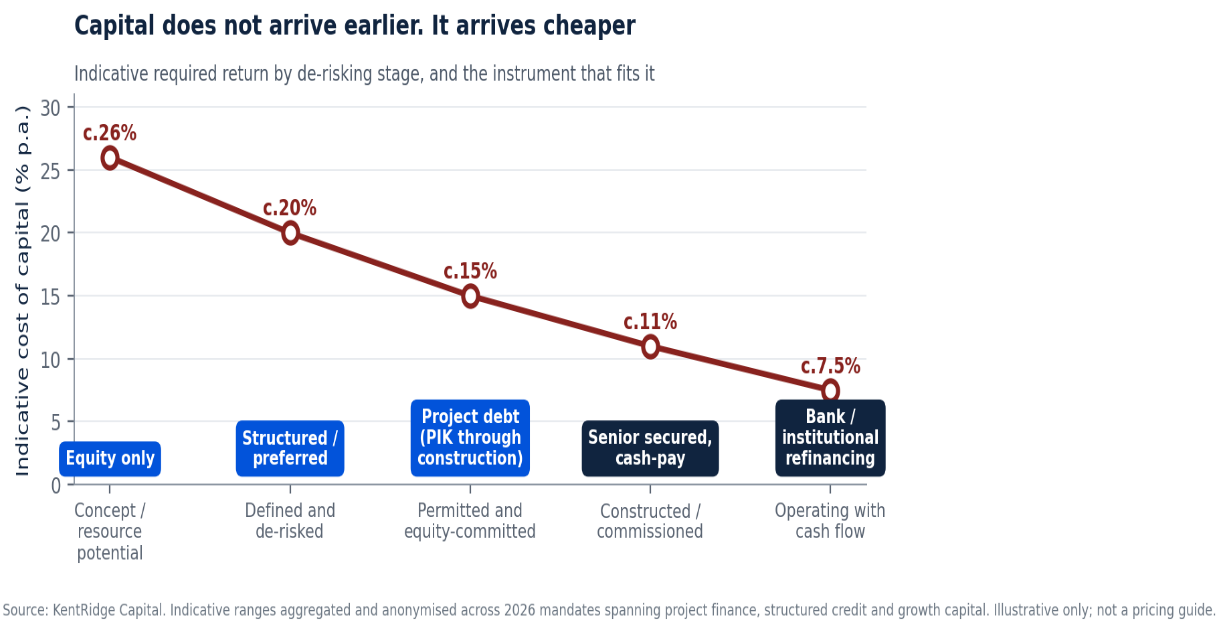


Exhibit 2 — Capital does not arrive earlier. It arrives cheaper. Chart: TSCS. Data: KentRidge Capital.

The structures we saw offered in 2026 were designed around cash-flow timing rather than around more leverage. The recurring features on live project mandates were delayed-draw availability tested against construction milestones and cost-to-complete, construction-period interest accruing wholly as payment-in-kind and capitalising to the loan, conversion to quarterly cash-pay only after commissioning, modest single-digit amortisation beginning after completion, minimum project debt service cover around 1.25 times with distributions locked at a higher threshold, six months of forward debt service held in a reserve account from the cash-pay date, and a contractual cap on the lender's total return.

That last set of features is worth dwelling on, because sponsors consistently ask for the opposite. The request we heard most often was for maximum debt, minimum equity and no principal repayment in the early years. Lenders did not answer that request with more leverage. They answered it with cash-flow-timed structures. Construction-period PIK is not a distress feature in this context. It is the mechanism by which a project with no revenue for two years can carry senior debt at all.

The conditions precedent that actually delayed transactions were consistent as well: an independent engineer's report, feedstock contracts, offtake or equivalent revenue arrangements, evidence that sponsor equity and any grant funding were committed in the agreed draw sequence, and a verified absence of a funding gap. Sponsors routinely underestimate how long that list takes to close.

COMMERCIAL CONCLUSION

Projects are engineered into bankability, one removed uncertainty at a time, rather than arriving there. That engineering process is itself an advisory product, and it is the part of the work that most reliably changes the price.

3.9 Sponsor equity is credibility before it is funding

The lender question underneath almost every project and development conversation reduces to one thing: how much pain does the sponsor absorb before I lose money? Real equity beneath the debt demonstrates commitment, alignment and loss absorption, and it materially improves both the leverage available and the price at which it is available.

A borrower asking lenders to fund essentially the entire capital requirement is a fundamentally different proposition from one where meaningful equity is already committed and drawn. In 2026 the gap between those two positions was worth more in pricing terms than any amount of narrative about the underlying asset.

> **COMMERCIAL CONCLUSION**
>
> Debt follows equity far more easily than equity follows debt. Sequencing the equity conversation first is usually faster than running both in parallel.

3.10 The best collateral is frequently contractual rather than physical

Our dealflow has not supported the simple idea that lenders care mainly about property and machinery. In many of the transactions we worked on, the most valuable credit support was an offtake agreement, a receivable, a purchase order, a concession, a government grant, a long-term customer contract, a committed orderbook, a contracted feedstock supply or guaranteed volumes.

A piece of specialised machinery may have poor liquidation value. A high-quality contractual payment obligation from a creditworthy counterparty may be worth considerably more. That is why counterparty quality deserves close to as much diligence attention as borrower quality, and why offtake and feedstock documentation sit so high on the conditions-precedent list in project transactions.

> **COMMERCIAL CONCLUSION**
>
> The strongest asset on the balance sheet may be the signature of the party obliged to pay. Diligence the counterparty with the same seriousness as the borrower.

3.11 What investors will fund, and at what valuation

On the equity side, the pattern in 2026 was consistent across sectors as different as consumer platforms, advanced manufacturing and pre-revenue deep technology. Investors did not pay for potential. They paid for potential after uncertainty had been converted into evidence.

Valuation work converged on triangulation rather than a single multiple. The approach that survived investment-committee scrutiny weighted a forward-year EBITDA multiple, a discounted second-forward-year EBITDA at a private-company discount rate in the low-to-mid twenties reflecting illiquidity, forecast risk and leverage, and a gross-profit cross-check, then priced entry modestly below the last reconstructed round rather than at a premium to it.

Where the technology or the commercial model was unproven, the answer was almost always to reduce the size of the round rather than the valuation alone. In one pre-revenue situation the round was re-cut to a materially smaller milestone-linked first close. The original size sat awkwardly between two objectives: more than a single defensible technical proof point required, and considerably less than the manufacturing working capital behind it would eventually need. Raising less against a specific proof point proved easier than raising more against a roadmap.

Asset type	What the valuation anchors on	What moves it
Pre-completion projects	Development spend, replacement cost, risk-adjusted NAV	Permits, EPC price certainty, feedstock, offtake, financial close
Operating projects	Contracted cash flow, yield, comparable operating	Commissioning, ramp-up, demonstrated availability

Asset type	What the valuation anchors on	What moves it
	assets	
Resource assets	Geological potential, studies, defined resource	Studies, permitting, construction certainty, offtake, first production
Hard technology	Milestones rather than multiples	Prototype, certification, customer qualification, order, scaled manufacturing
Operating companies	Revenue quality, EBITDA, growth, cash conversion	Margin durability, customer concentration, working-capital discipline
Consumer, luxury and alcohol	Brand, provenance, inventory, land, distribution, scarcity	Strategic buyer interest, which can exceed any EBITDA multiple

Equity investors also punish complexity far earlier than debt investors do. A credit fund will spend weeks on security and recovery analysis. An equity investor who cannot quickly understand the business model, unit economics, normalised EBITDA, cash conversion, use of proceeds, valuation and exit tends to disengage before diligence begins. We watched interest fall away in 2026 for no reason other than that the headline metrics required too much explanation.

COMMERCIAL CONCLUSION

An equity story that needs ten minutes of explanation is not ready. Clarity is itself a driver of investability.

Where valuation certainty is genuinely absent, structured preferred capital reconciles positions that common equity cannot. Every equity mandate we worked on in 2026 converged on the same architecture: a one-times non-participating liquidation preference senior to existing preferred, broad-based weighted-average anti-dilution, milestone-linked funding, pro-rata rights, board observer and information rights, and for pre-IPO situations a listing discount or valuation cap with redemption or a put if the listing slips.

3.12 The urgency to deploy is real, and it is conditional

Counterparties across our 2026 dialogue described project financing picking up, and the mandates being actively hunted were specific: mining, energy and renewables project finance; data centre and digital infrastructure debt; utility-scale battery storage; geothermal; solar; and real-estate debt restructuring. Legal and advisory capacity has moved with it, with global firms building private credit and infrastructure practices around data centre and digital infrastructure work.

What almost nobody offered was development risk. The capital is queuing at a specific point in the lifecycle, which is after permits, EPC price certainty, feedstock and offtake, and before or during construction under a guaranteed price. The urgency is real. It is also narrowly located, and a sponsor who arrives at that queue one milestone early will be told to come back.

3.13 Refinancing is part of the entry thesis, not an afterthought

Many assets begin life on expensive capital because the risk is genuinely high. Once the risk falls, that capital should be replaced. The lifecycle we saw repeatedly ran from equity, to structured or private capital, to project debt, to bank or institutional refinancing. Roughly half of our live mandates in 2026 contained a refinancing leg of some kind, either refinancing an incumbent lender or building a documented take-out path into a new facility.

The initial investor does not necessarily need to hold to maturity. It needs a credible route to being taken out. Where that route was documented at the outset, pricing improved. Where it was not, lenders priced for the possibility that they would still be there in five years.

COMMERCIAL CONCLUSION

When structuring expensive capital today, know what cheaper capital is expected to replace it tomorrow, and write the take-out route into the entry thesis rather than leaving it to be discovered later.

3.14 Where deals died

Our own dead pile in 2026 is as instructive as the live pipeline. Transactions failed on a small number of recurring grounds: a facility size that outran the earnings available to support it; growth funded ahead of demonstrated unit economics at the cohort level; a capital requirement whose real size sat well beyond the round being raised; a jurisdiction with no functioning private credit market to approach; and existing undrawn bank capacity that made a new private facility hard to justify.

Only one of those is a credit problem. The rest are framing, sequencing and market-selection problems, which is to say they are advisory problems.

3.15 Two things we expect to be wrong about, and how to check

Everything above is a description of what we saw. Two forward claims sit underneath it, and both are testable.

The first is that reading megadeal announcements as origination maps will out-perform competing for the megadeals themselves. The AI and energy build-out is generating a financing requirement in the region of US$1.5 trillion through 2028 that credit rather than equity must bridge, and the headline transactions belong to the largest lenders. Our claim is that the equipment, power, supplier, SPV, construction and pre-stabilisation financings clustering around them, most inside the US$20 to 150 million band, are both accessible and under-competed. If that is right, our 2027 origination should show a rising share sourced from announced-project adjacency. If it is wrong, it will show us bidding against balance sheets we cannot beat.

The second is that the underwriting question is shifting from how much the borrower earns towards who controls the cash on its way through. If that is right, the terms we negotiate through 2027 should show maintenance testing returning below the upper middle market while attention moves towards cash-dominion and collateral-monitoring provisions rather than leverage tests. If lenders instead keep competing on leverage and covenant flexibility, the thesis is wrong and the collateral emphasis in this section is overstated.

3.16 There are only four capital problems underneath most mandates

Situation	Capital need	The recurring issue
A. Project and infrastructure finance	Capital to create an operating asset	Large upfront capex long before cash generation begins
B. Asset and working-capital finance	Capital to fund the operating cycle	Cash leaves before customer cash arrives
C. Refinancing and structured capital	Capital because the existing structure no longer fits	Good asset, wrong liabilities
D. Strategic transactions	Capital or buyers to change ownership	Value exists, but the optimal owner or structure has not been found

That framing is why we position as sector-agnostic and situation-specific. It is a more defensible position than claiming expertise across twenty unrelated industries, and it matches what the pipeline actually looks like.

OUR UNDERWRITING FRAMEWORK

The most valuable question in a first meeting is what would have to be true for somebody to fund this.

1. What exactly repays the capital? Not growth. Identify the actual source of repayment.
2. What exists today? Separate facts from projections.
3. What protects the downside? Security, collateral, contracts, equity cushion or enterprise value.
4. Who bears first loss? There should be meaningful capital beneath the senior investor.
5. What event materially changes the risk? Permit, contract, completion, customer approval, production, EBITDA.
6. How does the investor get out? Cash flow, refinancing, strategic sale, asset sale, listing or sponsor repayment.

4. Private Credit: From Expansion to Selection

The market environment

Private credit's growth story remains intact at the aggregate level. Assets under management passed US$2 trillion in 2026 and are projected to approach US$4 trillion by 2030, with some forecasts reaching US$4.5 trillion. Direct lending alone now rivals the broadly syndicated loan market in scale. Fundraising, having plateaued among traditional institutional investors, has been sustained by two newer channels: insurance balance sheets and private wealth.

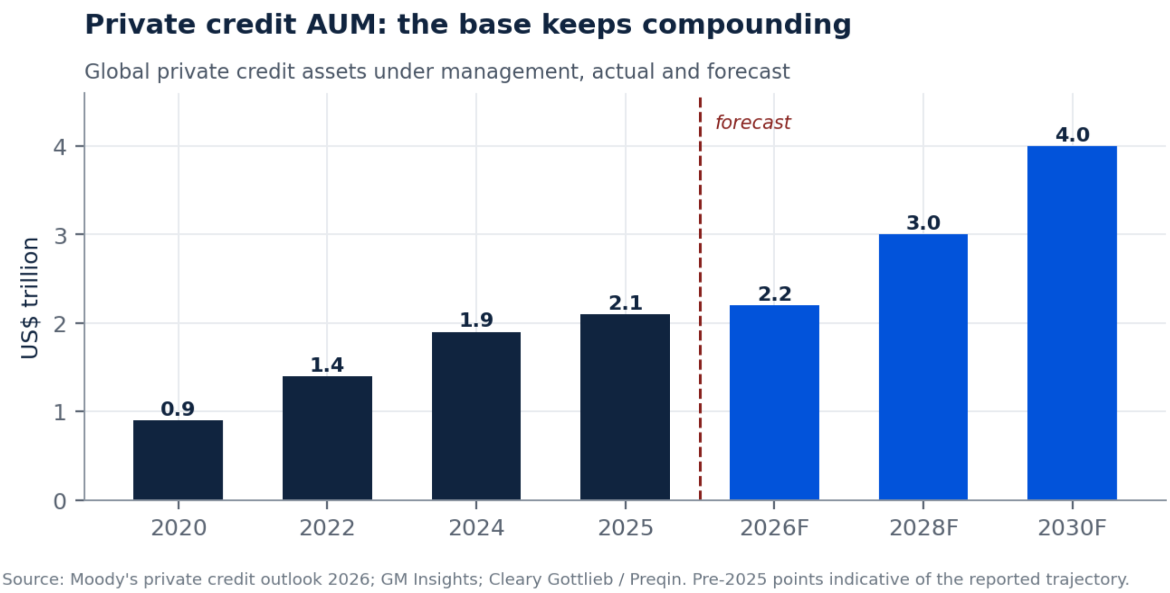


Exhibit 3 — Private credit AUM: the base keeps compounding. Chart: TSCS.

The insurance channel is worth separating out, because it changes what the asset class invests in rather than simply how large it grows. Insurance liabilities are long-dated and require assets with predictable, contractual cash flows and defensible collateral. That structurally favours asset-based finance over cash-flow lending, and it explains why the fundraising mix has rotated so quickly.

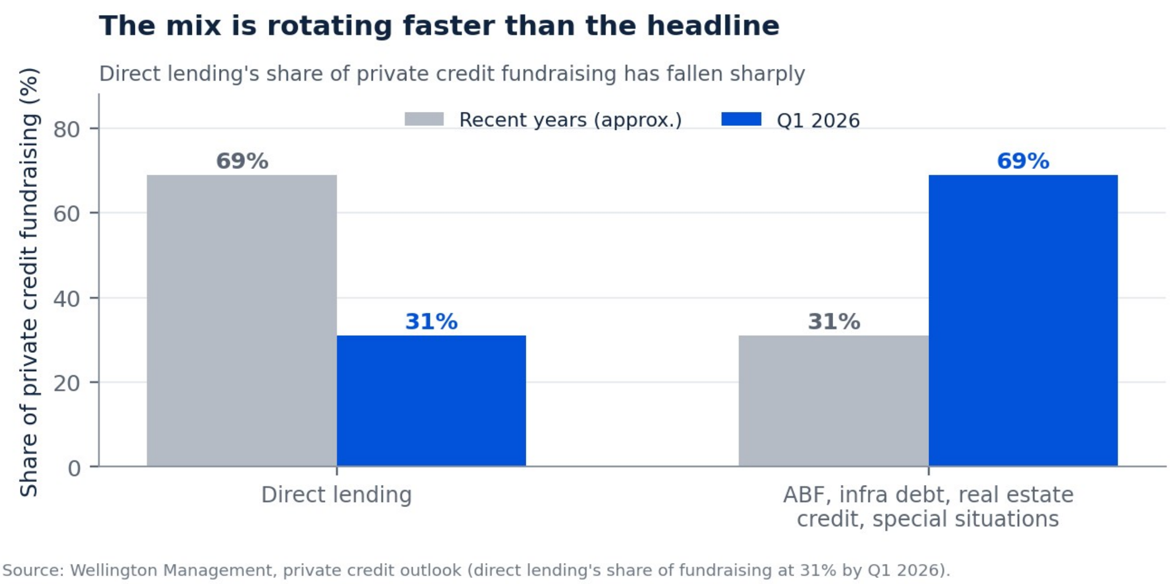


Exhibit 4 — The mix is rotating faster than the headline. Chart: TSCS.

The wealth channel introduces the opposite dynamic. Evergreen and semi-liquid vehicles promise periodic liquidity against an illiquid asset base. Roughly 60% of assets in evergreen private credit vehicles sit in the ten largest funds, the smallest of which exceeds US$4 billion. Concentration of that order compresses spreads and, in stress, converts a credit question into a liquidity question. Non-traded business development company flows shifted to a first-ever net outflow in the first quarter of 2026.

What is actually happening beneath the headline

Reported private credit default rates have stayed below 2% for several years. Count selective defaults and liability management exercises alongside headline non-accruals and the picture changes materially. Fitch's US private credit default rate ran 5.7% on a trailing twelve-month basis through November 2025, 5.8% through January 2026 and reached a record 6.0% in April 2026. Moody's estimates that distressed restructurings, meaning debt exchanges and maturity extensions agreed under duress, accounted for roughly 65% of all 2025 private credit defaults; strip them out and the headline falls to a range of 1.6% to 4.7%, which is the gap between what managers report and what is happening.

The decomposition matters more than the level, and it supports the amend-and-extend reading rather than undermining it. Across the twelve months to January 2026, Fitch recorded 74 unique defaulters generating 89 events, of which interest payment deferrals and PIK conversions drove 60%, distressed maturity extensions 27%, and uncured payment defaults only 6%. Nearly all of it is a lender agreeing not to be paid yet, rather than a borrower failing to pay. Covenant resets, maturity extensions, PIK toggle activation and sponsor equity injections defer the crystallisation of a loss without removing it, and the deferral shows up as a default statistic long before it shows up as a recovery number.

Payment-in-kind usage is the most useful forward indicator, and it has been rising broadly. Federal Reserve Bank of Boston analysis of BDC portfolios found PIK shares in construction rising from below 5% in 2022 to close to 20% by early 2026, with pronounced increases in wholesale trade and in transportation and warehousing. Because the increase spans diverse sectors rather than a few troubled ones, it points to broad-based cash-flow pressure among middle-market borrowers, which is the mechanical consequence of higher rates on floating-rate debt service. The five per cent threshold conventionally treated as the first stress marker is no longer a comfortable place to sit: peer medians reported by Moody's run above six per cent of investment income and the public BDC mean sits closer to eight to nine per cent, with individual vehicles well into the teens and beyond. A fund at the median is therefore already through the line that reassurance used to rest on. We would watch the level as well as the trend.

One finding in the same data cuts directly against a conclusion elsewhere in this report, and we would rather state it than let a reader find it. Fitch's 2025 figures show borrowers with EBITDA below US$25 million defaulting at 15.8%, against 4.0% for borrowers above US$100 million, a difference of nearly four times driven by size alone. Sections 3.2 and 3.3 argue that the interesting opportunity sits below the institutional floor. Those two statements are only compatible under one condition: that lending small is dangerous when it is done on cash flow, and defensible when it is done on collateral with control of the cash. That is precisely the distinction Section 3 draws, and the default data should be read as evidence for the discipline rather than against the segment. A lower-middle-market strategy underwritten on EBITDA multiples has a demonstrated failure rate and we would not run one.

It is worth separating that signal from the construction-period PIK described in Section 3.8. PIK inserted into an operating company's cash-flow loan because it cannot service cash interest is a stress indicator. PIK designed into a project facility because the asset has no revenue until commissioning is a structuring choice. The instrument is identical; the information content is not.

Simultaneously, the funding layer has tightened. The April 2026 Senior Loan Officer Opinion Survey found large and regional banks tightening standards to business credit intermediaries and private equity funds across maximum loan size, maturity, risk premiums, covenants and collateral requirements, citing a less favourable outlook and reduced risk tolerance. Demand from those intermediaries strengthened over the same period. A supply-demand divergence at the leverage layer eventually shows up in the terms offered to borrowers.

What changes in 2027

Dimension	2025 to 26 position	Direction into 2027
Pricing	Compression at the top; upper-middle-market direct lending near SOFR+450 to 500	Bifurcation. Continued compression for clean, availability-governed collateral; widening for cash-flow credits with concentration or cyclicality
Leverage	3.5 to 4.5x EBITDA typical for first-lien unitranche in the lower middle market	Flat to lower on cash-flow deals; higher tolerance where collateral is identifiable and controlled
Covenants	Covenant-lite normalised at scale; one or two maintenance tests in the middle market	Return of maintenance testing below the upper middle market; more attention to cash-dominion and collateral-monitoring provisions than to leverage tests
Documentation	Amend-and-extend flexibility widely used	Tighter drafting of LME protections, intercreditor voting and maturity-wall disclosure; lenders paper for the workout they now expect
Borrower quality	Flight to quality intact; softness most visible among larger borrowers	Selection on durability of segment-level cash flow rather than blended historicals

KentRidge assessment, informed by S&P Global Ratings, Federal Reserve Bank of Boston (August 2026), Heron Finance private credit benchmark (Q2 2026) and With Intelligence private credit outlook.

KRC VIEW: WHERE RISK-ADJUSTED RETURNS LOOK MOST ATTRACTIVE IN 2027

We are most constructive on asset-backed and self-liquidating structures where cash control substitutes for covenant reliance; on acquisition and delayed-draw capital sitting outside availability-governed borrowing bases; on takeouts of 2023 to 24 vintage second-lien, mezzanine and high-coupon convertible paper; and on pre-stabilisation infrastructure capital where the underlying contract is investment-grade even though the sponsor is not.

We are most cautious on cash-flow lending to sponsor-owned businesses in sectors with public-market comparables already trading at distressed levels, on any credit whose maturity wall falls inside eighteen months without a documented refinancing path, and on liquidity promises in semi-liquid vehicles that have not yet been tested through a redemption cycle.

5. M&A and Private Equity

Deal activity

Deal volume stagnated through the first half of 2026 while aggregate deal value rose. The market has been top-heavy for two years and 2026 concentrated that pattern further. Sponsors closed roughly 5,100 deals worth close to US$482 billion in the first quarter, the strongest opening to a year since 2021, yet the middle market's share of US buyout value fell to 39.9%, the lowest on record.

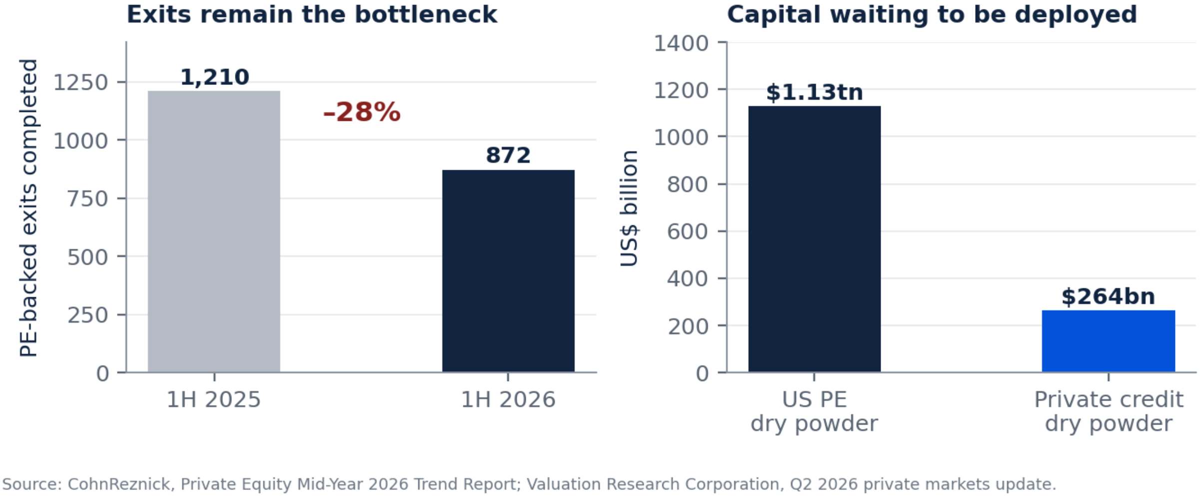


Exhibit 5 — Exits remain the bottleneck, and capital waits to be deployed. Chart: TSCS.

Exits remain the binding constraint. Only 872 private-equity-backed exits completed in the first half of 2026, against 1,210 a year earlier. Median holding periods at exit had already risen from 4.3 years in 2017 to 5.4 years in 2024, and more than 11,000 portfolio companies have now been held for five years or longer. The challenge for sponsors is no longer sourcing capital; it is converting unrealised gains into distributions.

This has permanently changed the fundraising conversation. Limited partners no longer accept paper marks as evidence of performance. Managers with credible distributed-to-paid-in capital raised quickly through 2026; those without faced extended timelines, reduced targets and increasingly sceptical investment committees. Aggregate fundraising dollars rose in the first quarter of 2026 despite fewer fund closings, which reflects concentration among a small group of managers rather than a broad recovery.

Financing

Acquisition debt is available and competitively priced for quality assets. The dominant lower-middle-market structure remains a first-lien unitranche at roughly 3.5 to 4.5 times EBITDA on a six-year tenor with one leverage covenant and a fixed-charge coverage test. Private credit dry powder of approximately US$264 billion sits against US private equity dry powder of US$1.13 trillion; at a 50% loan-to-value assumption for buyouts, that implies broadly matched demand and supply for the financing layer.

The constraint therefore sits on the equity side rather than the debt side. With exits slow and distributions constrained, sponsors are reluctant to write larger equity contributions, and vendors are reluctant to accept the valuations that smaller cheques imply. That gap is where structured capital enters, and it is the most reliable source of 2027 mandate flow we can identify.

Valuation

Valuation dispersion has widened rather than narrowed. Private equity buyers have been paying a median of roughly 12.8 times EBITDA in US transactions against 9.9 times for corporate buyers. That inversion is unusual, and deployment pressure on aged dry powder is the likeliest explanation. The gap between medium and large deals widened to 2.8 turns in early 2026.

Our own experience adds a point that aggregate multiples obscure. A strategic buyer is not asking what return the asset generates. It is asking what the asset becomes inside its platform, which may mean distribution, customer access, geographic entry, production capacity, licences, technology, brand, feedstock, real estate or supply-chain control. In consumer, luxury and alcohol assets in particular, the strategic value can sit materially above any defensible EBITDA multiple. Processes marketed on precedent multiples alone leave that value on the table.

COMMERCIAL CONCLUSION

The highest bidder is usually the buyer with the largest synergy rather than the cheapest capital. Strategic sales should be marketed around buyer-specific value creation rather than around precedent EBITDA multiples.

6. Structured Capital

The conventional distinction between debt and equity assumes that the enterprise value of a business can be estimated with reasonable confidence, and that the question is simply where in that value a given instrument sits. When valuation confidence declines, whether because exits are slow, comparables are stale, a technology is unproven or a project sits pre-completion, the distinction stops doing much work.

The KentRidge framing is straightforward: *as valuation certainty declines, the line between debt and equity becomes less useful, and capital migrates towards instruments designed around specific downside and upside objectives rather than around a position in a capital stack.*

The 2027 toolkit

Instrument	The problem it solves	Where it fits in 2027
Preferred equity	Bridges a valuation gap without forcing a down round or a common-equity mark	Sponsor-backed businesses needing capital ahead of a delayed exit; founder-led companies resisting dilution at current marks
Holdco / subordinated debt	Adds proceeds above a constrained operating-company facility without breaching its covenants	Where a bank or ABL facility is availability-governed and cannot fund an acquisition
Mezzanine	Fills the space between senior leverage capacity and the sponsor's equity cheque	Mid-market buyouts where senior tops out below the purchase price
Convertible preferred	Prices an IPO or milestone that has not happened yet	Pre-IPO situations needing a listing discount, mandatory conversion and a put if timing slips
Recapitalisations	Creates liquidity without a full exit	Managers under DPI pressure with assets that are performing but not yet saleable
AssetCo structures	Separates a financeable asset from an unfinanceable operating entity	Infrastructure, equipment-heavy industrials, and project sponsors with weak corporate covenants
Borrowing-base facilities	Converts transaction flow into collateral	Trade, commodities and receivables-concentrated businesses
Bridge and delayed-draw	Funds a defined event ahead of permanent capital	Pre-stabilisation infrastructure, construction completion, acquisition closings

KentRidge structuring framework, 2027.

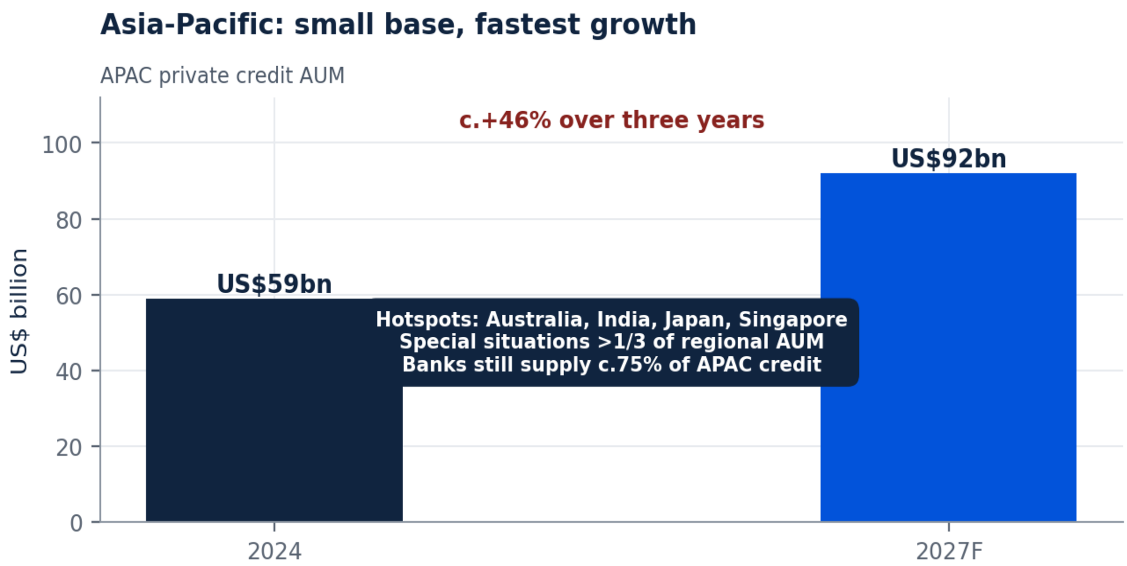
Why this matters more in 2027 than in 2025

Two developments make structured capital more central than it was. First, the exit backlog means a growing population of fundamentally sound businesses cannot be valued by reference to a recent transaction, which makes conventional equity pricing contentious and conventional leverage difficult to size. Second, the rotation of private credit capital towards insurance balance sheets favours instruments with contractual, collateral-backed cash flows. That is what a well-drafted AssetCo, borrowing base or preferred instrument with a defined return can deliver, and what a plain minority equity stake cannot.

Access to structured capital is widely available and does not differentiate. Most institutional lenders will provide it. The work that matters is identifying which of a borrower's risks can be reshaped and which cannot, and doing that before the borrower approaches a market that will otherwise decline on first read.

7. Asia-Pacific Private Markets

Asia-Pacific is expected to deliver the fastest private credit growth of any region in 2027, from a small base. Regional private credit assets under management are projected to rise from US$59 billion in 2024 to US$92 billion by 2027, following compound annual growth above 20% over the preceding five years.



Source: AIMA / Alternative Credit Council with Simmons & Simmons, EY and Broadridge; Chambers Private Credit 2026; Allianz Global Investors.

Exhibit 6 — Asia-Pacific: small base, fastest growth. Chart: TSCS.

The structural case is straightforward. Banks supply roughly 75% of credit across Asia-Pacific, a far higher share than in the United States or Europe, and the region contributes only around 14% of global bond issuance despite its share of global output. There is no deep high-yield or CLO market to absorb credits that fall outside bank appetite. Mid-market companies and SMEs are consequently underfunded relative to the growth of their economies.

Southeast Asia

The regional financing gap is most acute in founder-led and family-owned businesses that have outgrown domestic bank appetite but remain well below the scale at which global institutional lenders will engage. Growth capital, acquisition finance and working capital all present, but rarely in a form that a standard direct-lending mandate can accept without restructuring. Singapore has emerged as the region's hub for structuring and origination even where the underlying assets sit elsewhere, a distinction that matters for jurisdiction, security and enforceability.

India

India is the region's most developed private credit story and its fastest-growing. Domestic AUM has expanded from under US$1 billion in 2010 to the high teens of billions by the mid-2020s, supported by regulatory reform, a deep promoter-led corporate base and substantial infrastructure and industrial capital expenditure. Pre-IPO and growth financing remain active, and India is projected to be the fastest-growing private equity market in the region.

Australia

Australia has the region's most mature private credit market and the most conventional documentation and enforcement environment. Infrastructure, energy and project financing dominate, with real estate development finance, bridge lending and transitional capital drawing sustained demand as bank balance sheets remain constrained.

Greater China

Greater China remains a selective proposition. Opportunities exist, particularly around cross-border trade flows and offshore structures, but principal risks such as enforceability, capital mobility, counterparty opacity and policy discontinuity should be underwritten explicitly rather than assumed away by collateral coverage.

Consumer credit and the rise of non-bank lenders

A separate and fast-growing part of the Asian credit story sits outside corporate lending altogether. Rising living costs, an expanding middle class and an emerging consumer culture have produced household leverage approaching or above 87% of GDP in South Korea, Hong Kong and Thailand, with Malaysia near 70%, while India and Indonesia sit far earlier in the same curve. Much of that credit is now being written by non-bank lenders rather than banks. Section 8.6 sets out why the more interesting institutional opportunity is usually wholesale funding to those lenders rather than the consumer exposure itself.

The minimum-ticket problem

One structural feature of Asian private markets rarely shows up in the aggregate data, and Sections 3.2 to 3.4 set it out in detail. Institutional lenders operating in the region generally require minimum transaction sizes of roughly US$15 to 25 million alongside minimum EBITDA, revenue or profitability thresholds, and conventional bank financing typically requires materially greater corporate scale still. A very large population of regional businesses therefore sits outside institutional capital. Not because those businesses are unfinanceable, but because they are too small, too young, too complex or too bespoke for the natural minimum economics of the lenders best placed to serve them.

> **KRC MARKET OBSERVATION: PROJECT FINANCE**
>
> Our 2026 discussions with banks, private-credit investors and advisers point to a meaningful financing gap between small project sponsors and large institutional infrastructure lenders. We expect private capital to play an increasing role in construction bridges, equipment finance, delayed-draw facilities and subordinated project capital.
>
> A second observation runs alongside it and is specific to Asia. Banking relationships, account structures and operating cash flows can be as material to credit execution as headline leverage or EBITDA. Where cash can be routed, controlled and verified, credits that fail a conventional leverage screen frequently become executable.

Our conclusion is that **Asia in 2027 is a structuring market as much as a growth market.** Capital seeking regional exposure has risen steadily, with regional sovereign funds, pensions, insurers and family offices now active alongside global managers. What is short is the supply of structures that reconcile international lender requirements with local collateral, enforcement and counterparty realities.

8. Sector Themes for 2027

We have selected seven sectors where the financing opportunity is specific enough to act on, rather than attempting comprehensive coverage. Each maps to situations already in our pipeline.

8.1 Digital infrastructure and data centres

What is changing. The AI build-out has become the dominant force in credit markets. Global data centre investment is on track to reach roughly US$2.9 trillion through 2028, against expected big-technology operating cash flow of about US$1.4 trillion, leaving a financing gap of approximately US$1.5 trillion that credit rather than equity is being asked to bridge. Morgan Stanley projects private credit will supply the largest single share of that bridge, around US$800 billion, with roughly US$200 billion from corporate bonds and US$150 billion from securitised products. Those components leave a residual of roughly US$350 billion against the stated gap, which is presumably bank lending, vendor and equipment finance, joint-venture equity and sovereign or utility participation, but the forecast does not say so and readers should treat the decomposition as incomplete. The stronger counter-argument is that the gap itself may be smaller than advertised. Bloomberg Intelligence's mid-2026 credit work puts hyperscaler capital expenditure above US$820 billion for the year against more than US$775 billion of cash held by the eleven largest issuers, with most able to fund roughly twenty-four months without new debt. If a large share of the build is self-funded, both the financing gap and private credit's share of it shrink.

Why it matters. Data centre asset-backed and mortgage-backed issuance reached roughly US$26 billion in 2025, more than ten times the 2020 level, with projections of US$30 to 40 billion in each of 2026 and 2027, potentially 7 to 10% of combined ABS and CMBS issuance. Debt is arriving earlier in the development cycle than ever before, and the capital stack has fragmented into construction finance, GPU-collateralised facilities, land-cost facilities, forward sales, hybrid contracted-asset structures, and arrangements that separate power from real estate for different investor bases.

Where the financing opportunity is. Most participants have no route into the megadeals. The financings that cluster around them are far more accessible. Every hyperscale campus generates requirements for equipment finance, power interconnection, supplier working capital, SPV-level construction bridges and pre-stabilisation capital, typically at sizes well inside the US$20 to 150 million range. We treat infrastructure megadeals as origination maps rather than as targets.

Principal risks. The structural mismatch is the risk that matters most. A facility has a 20 to 30 year life while a GPU generation lasts around seven years, which creates a perpetual refinancing treadmill. Older or less efficient facilities face compounding tenant-loss, stranded-asset and refinancing risk that current spread levels may not compensate. Documentation standards in the securitised segment remain immature, and current annual issuance is an order of magnitude below the refinancing requirement that will eventually arrive, which is a maturity-wall problem waiting for a market that has not yet been built.

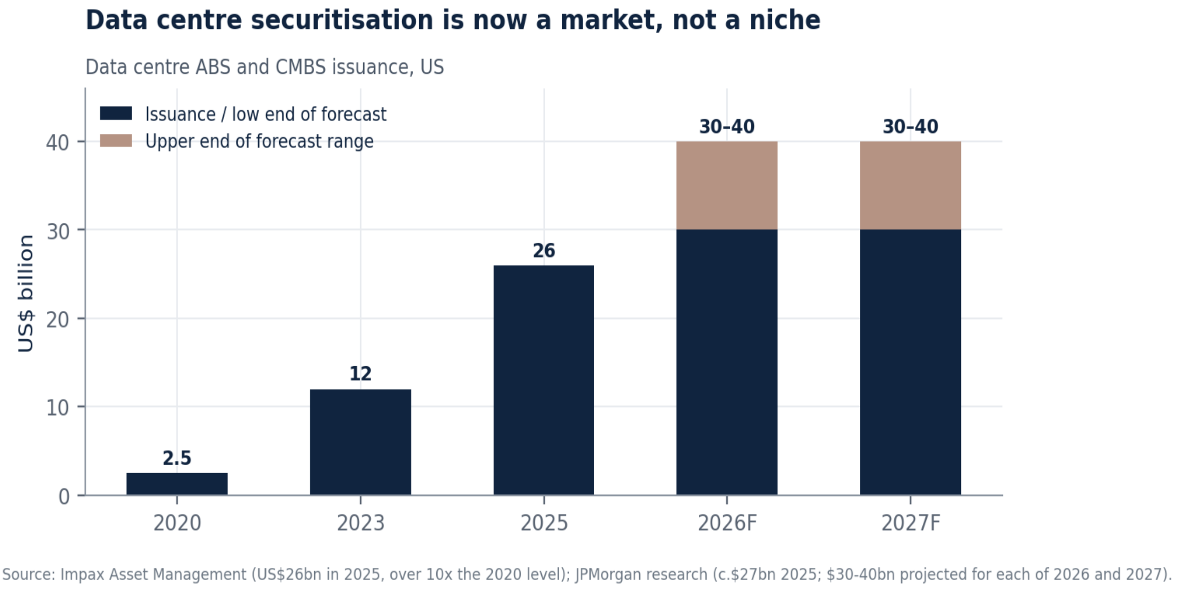


Exhibit 7 — Data centre securitisation is now a market, not a niche. Chart: TSCS.

8.2 Energy transition, bioenergy and power

What is changing. Power availability has become the binding constraint on digital infrastructure, which has pulled generation, storage and grid assets into the same capital cycle. Bank appetite for contracted, hard-asset collateral has proved deep. Multi-bank groups committed roughly US$1.7 billion of secured revolving capacity in a single week of August 2026, against collateral ranging from LNG tonnage to storage-backed development portfolios, and Bank of America launched a US$250 billion critical infrastructure finance initiative running through mid-2027. Both figures are drawn from contemporaneous market reporting and company announcements rather than from a single research source, and should be verified before publication.

Why it matters. Where bank groups compete aggressively for the largest contracted assets, spreads compress at the top and yield-seeking capital is pushed towards smaller sponsors, earlier development stages and more complex collateral. That is the segment in which specialist advisers operate, and it is where most of our own 2026 project mandates sat, spanning bioenergy, utility-scale storage, geothermal and solar.

Where the financing opportunity is. Senior secured project debt at single-asset level, holdco and platform capital for multi-site developers, equipment financing, construction bridges and pre-stabilisation facilities. Sponsors that have just closed a first project financing are unusually productive origination targets. The next facility, expansion or equipment package typically comes into view well before the first asset is commissioned.

Principal risks. Policy and subsidy discontinuity, offtake counterparty concentration, interconnection queues and construction cost inflation. Feedstock supply risk deserves particular attention in bioenergy, where the economics can be more sensitive to input price than to output price. In emerging markets, add currency mismatch between local-currency revenues and hard-currency debt service.

8.3 Mining and resources

What is changing. Capital is returning to critical minerals, gold and uranium, but it is returning to contracts rather than to risk equity, and the distinction matters. Uranium and gold equities were in drawdown through mid-August 2026 even as uranium term contract prices rose for a seventh consecutive month. Specialist advisers and funds active in the space are concentrating on project financing rather than exploration, and equity remains the only realistic instrument until a resource is defined and de-risked.

Why it matters. Mining illustrates the central lesson of Section 3 more clearly than any other sector. An asset can carry enormous theoretical resource value and almost no conventional debt capacity, because lenders do not finance what is underground. They finance the probability of converting it into cash. Studies, permits, construction certainty and offtake therefore matter nearly as much as the orebody.

Where the financing opportunity is. Structured and convertible capital at the defined-resource stage; project debt once permitting and construction certainty are in place; equipment and contractor financing during build; and reserve-based or conventional facilities once the asset is producing. Streaming and royalty structures remain the most efficient way to monetise a resource without a conventional debt capacity test.

Principal risks. Permitting timelines, jurisdictional and resource-nationalism risk, commodity price volatility against fixed cost bases, capital cost inflation on long-lead items, and the tendency of resource valuations to anchor on in-situ metrics that no lender will underwrite.

8.4 Trade, commodities and feedstock

What is changing. Bank retrenchment from trade finance has continued, particularly for mid-sized counterparties and emerging-market corridors, while commodity price volatility has raised working-capital intensity. The gap between demand for trade liquidity and conventional bank supply is now structural rather than cyclical.

Why it matters. Trade finance is the clearest case in which transaction-level credit outperforms corporate credit. A trading business with limited operating history or balance sheet can still support institutional financing if the underlying trade cycle is controlled, with supplier payments made directly, cargo pledged, offtaker collections routed to a controlled account and repayment mandatory from each completed transaction. Feedstock-conversion businesses add a second dimension, because margin can be extremely thin relative to input price and the facility has to be sized against that sensitivity rather than against headline revenue.

Where the financing opportunity is. Borrowing-base facilities against eligible receivables with concentration limits and invoice verification; pre-export and inventory finance with collateral monitoring; import and supplier letters of credit where the bank can see supplier, buyer, invoice, shipment and repayment source; and self-liquidating structures with lender-first waterfalls. Southeast Asia is the natural geography given the density of commodity trade and SME working-capital demand.

Principal risks. Fraud and double-financing risk, which requires collateral monitoring in practice rather than documentary comfort; receivables concentration, which caps facility size before leverage does; offtaker credit quality; jurisdictional enforceability of security over goods in transit; and the operational discipline required to maintain cash dominion in practice rather than on paper.

8.5 Industrials, manufacturing and hard technology

What is changing. Supply-chain reconfiguration, tariff policy and nearshoring continue to drive capital expenditure that does not fit neatly into either conventional corporate leverage or project finance. Alongside it, a wave of hard-technology manufacturers in defence, drones, photonics and advanced components is attempting to cross from prototype to production.

Why it matters. Industrials generate exactly the collateral profile that insurance-backed private credit now prefers: equipment, receivables, inventory and real property, with identifiable cash conversion cycles. Hard technology is the opposite. It becomes financeable only when technical achievement turns into commercial evidence, which means independent validation, customer qualification, a credible orderbook and demonstrated ability to scale manufacturing. Until somebody is contractually willing to pay for the technology, it is principally equity risk.

Where the financing opportunity is. Acquisition and roll-up financing, capital expenditure facilities, equipment finance and asset-based revolvers on the industrial side. On the technology side, milestone-linked structured preferred capital sized to a specific proof point, with the working-capital build behind production planned separately and explicitly.

Principal risks. Cyclicality against a softening demand backdrop, customer concentration, and the risk that tariff-driven capital expenditure is stranded by a policy reversal. In hard technology, the dominant risk is underestimating the working capital that sits behind a manufacturing ramp, where wafer, test and assembly timing can lock up more capital than the equity round itself raised.

8.6 Consumer finance and non-bank lenders in Asia

What is changing. Asia now holds roughly 55% of the global consumer class, and the growth is concentrated in markets that were until recently thin on formal credit. World Data Lab projections published by Brookings and reproduced by the World Economic Forum have almost 76 million Indonesians joining the consumer class in the decade to 2030, alongside roughly 52 million Bangladeshis, 60 million Pakistanis and 38 million Filipinos. Rising living costs and an emerging consumer culture have arrived at the same time, and the credit to fund it is increasingly being written by non-bank lenders rather than banks.

Why it matters. The build-up is already visible in household balance sheets, and it is unevenly distributed. South Korea, Hong Kong and Thailand all carry household debt approaching or above 87% of GDP, with Malaysia near 70%. India at roughly 48% and Indonesia at roughly 16% are earlier in the same curve, which is where the growth is. This matters to a private credit investor in two directions at once. It is the demand case for consumer and MSME lending platforms, and it is the systemic risk sitting underneath them.

Where the financing opportunity is. The most direct opportunity is not consumer lending itself but wholesale funding to the lenders doing it. India illustrates the arithmetic: NBFC credit reached roughly INR 57.8 trillion by June 2026, growing 14.4% year on year with retail loans up 20.3%, gold loans up 69.3% and consumer durables up 46.8%. ICRA puts the retail NBFC segment's incremental funding need at roughly INR 4.1 to 4.3 trillion, around US$44 to 46 billion, in FY27, against incremental bank credit into that segment of a small fraction of it. That shortfall is a wholesale private credit opportunity, typically structured as securitisation, pass-through, co-lending or senior secured facilities against a seasoned receivables pool. Across Asia-Pacific the alternative lending market is estimated at roughly US$329 billion in 2026, growing towards US$478 billion by 2029.

Principal risks. Consumer credit quality is the obvious risk, and it is cyclical in a way project cash flows are not. Household leverage near 90% of GDP leaves little absorptive capacity if unemployment rises or rates stay higher for longer. Regulatory risk is equally live: supervisors across the region are pushing accountability for fintech-originated credit back onto licensed balance sheets, which changes the economics of partnership lending models mid-stream. Currency mismatch is acute where local-currency receivables fund hard-currency debt, and the underwriting question in any securitised structure is whether the pool has been seasoned through a genuine downturn or only through a growth phase.

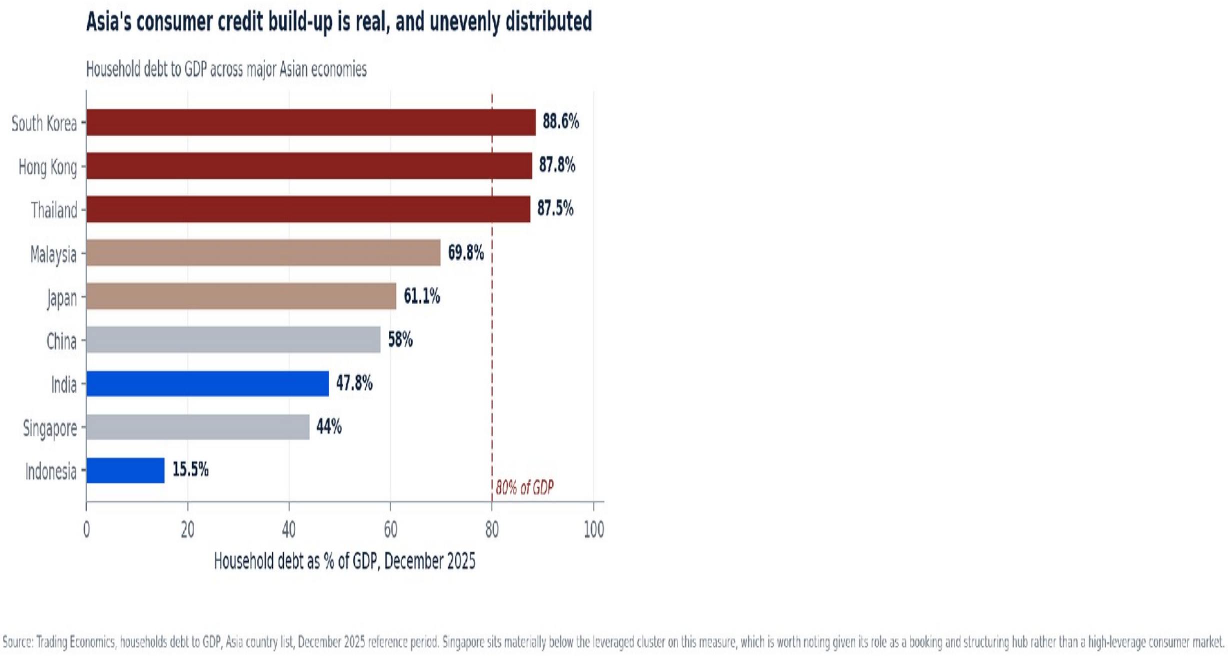


Exhibit 8 — Asia's consumer credit build-up is real, and unevenly distributed. Chart: TSCS.

8.7 Consumer, luxury and recommerce

What is changing. Authenticated secondary markets in jewellery, watches and other luxury categories have reached genuine scale, and provenance-led assets such as wineries and spirits inventories are drawing strategic rather than purely financial interest.

Why it matters. These assets are consistently mispriced by conventional methods, because a meaningful share of the value sits in brand, provenance, land, inventory, distribution and scarcity rather than in near-term EBITDA. Inventory-heavy models also create a specific and financeable working-capital need as direct buying scales.

Where the financing opportunity is. Inventory and borrowing-base facilities with eligibility criteria and turn analysis by category; structured preferred capital to fund expansion where the EBITDA inflection is visible but not yet delivered; and strategically marketed sale processes where a trade buyer can price distribution or authentication capability that a financial buyer cannot.

Principal risks. Working-capital absorption as direct buying scales, marketing efficiency decay at larger volumes, legacy preference stacks that complicate any new equity, and the risk of valuing brand and provenance on assumptions no buyer will ultimately pay for.

9. Risks to the Outlook

This outlook rests on a central case of fading inflation, policy rates near neutral, an orderly labour-market slowdown and continued capital formation in private markets. The following would invalidate it.

Named risks

- **Inflation resurgence.** A renewed energy shock or unanchored expectations would force central banks into the tightening they have so far avoided. The two-sided reaction function the Federal Reserve now signals should be read as a warning rather than a reassurance.
- **Higher-for-longer rates.** Even without further tightening, a policy rate held near current levels through 2027 continues the mechanical erosion of coverage ratios that has already pushed PIK usage from below 5% to near 20% in the most affected sectors.
- **A rising Japanese curve.** Japan is the one major market tightening rather than easing. A faster move in the ten-year JGB yield would raise the cost of yen funding and change the return calculus for Japanese institutional capital, which has become an important marginal buyer of Asian private credit.
- **Credit deterioration.** The gap between a sub-2% headline default rate and an effective stress rate near 5% closes when amendments age out. If PIK income across BDC portfolios moves through the 10% threshold, hard defaults follow rather than precede it.
- **Refinancing pressure.** The Hughes Satellite Systems filing in August 2026, reported to have reached roughly US$1.5 billion of simultaneous maturities with no committed take-out and no debtor-in-possession financing, is the template failure. A borrower that reaches its maturity date without committed refinancing has defaulted in every sense except the formal one.
- **Liquidity mismatch in semi-liquid vehicles.** Concentration of evergreen assets in a handful of very large funds means a redemption cycle would be transmitted through the market rather than absorbed within it. The first net outflow from non-traded BDCs in early 2026 is better read as a rehearsal than a resolution.
- **Asian asset defaults and the absence of a resolution market.** Default risk in specific Asian assets, particularly property and property-adjacent exposures, is compounded by the fact that many regional markets have no functioning distressed or non-performing loan market. Where resolution happens at all it happens at fire-sale discounts, which converts a mark-to-market problem into a liquidity trap for the holder. We treat this as the single largest risk to Asian allocators in our own client base, and as the principal reason the East-to-West corridor described in Section 3.5 has become a strategic focus rather than a tactical one.
- **Asian household leverage.** Household debt runs near or above 87% of GDP in South Korea, Hong Kong and Thailand. A rise in unemployment or a longer rate plateau would test consumer and MSME lending books across the region, and the wholesale facilities funding them, before it tests anything corporate.
- **An AI capital-expenditure repricing.** A material reassessment of AI infrastructure returns would strand assets whose debt was sized on contracted demand, and would test documentation standards in a securitised segment that has never been through a downturn.
- **Geopolitical disruption.** Middle East conflict has already fed through to 2026 inflation. Trade policy, sanctions regimes and enforcement uncertainty are first-order underwriting inputs for cross-border trade and commodity structures rather than background noise.

Scenarios

	Bear	Base	Bull
Macro	Inflation re-accelerates; central banks tighten; demand contracts	Disinflation resumes; policy near neutral; orderly labour cooling	Energy impulse reverses quickly; cuts resume in 2027; growth re-accelerates
Credit	Amendments age out; effective stress	Stress remains contained but visible;	Refinancing window opens broadly;

	Bear	Base	Bull
	rate moves above 5%; recoveries disappoint	selection premium widens	maturity walls clear without loss
Deal activity	Exit backlog deepens; fundraising concentrates further; middle market starved	Volumes recover slowly; value stays top-heavy; DPI dominates fundraising	Exit window reopens; distributions resume; middle-market share recovers
Implication for KRC	Special situations, rescue financing, restructuring advisory; collateral over covenants	Structured capital and asset-backed origination; the financing gap is the core business	Acquisition finance and growth capital; competition intensifies, structuring premium narrows

KentRidge scenario framework, 2027. Probabilities are deliberately not assigned; the scenarios are intended as underwriting states rather than forecasts.

10. The KentRidge Capital Perspective

We believe 2027 will favour disciplined capital deployment over indiscriminate risk-taking. Businesses with strong fundamentals should continue to find capital on reasonable terms. But the population of businesses that are fundamentally sound and nonetheless difficult to finance has grown, and will keep growing while capital remains segmented by mandate rather than allocated by credit quality alone.

That gap is the working environment for specialist capital advisers, and it has a specific shape. It is populated by borrowers who are too small, too young, too complex or too bespoke for the natural minimum economics of the institutions best placed to serve them. It concentrates in the lower and core middle market, in transitional situations and in Asia, and it responds to structuring rather than to persuasion.

Our own transaction work through 2026 kept returning to the same three lessons. Where balance-sheet underwriting fails, transaction-flow underwriting can still create a financeable asset. Where valuation certainty is absent, structured preferred capital reconciles positions that common equity cannot. And where a sponsor is smaller than the institutional infrastructure lenders around it, the financing requirement does not disappear. It relocates to equipment, construction, bridge and subordinated capital at accessible size.

A fourth line of enquiry emerged late in the year and will shape how we allocate our own time in 2027. Institutional allocations to private markets are at their highest recorded level, the preferred route to deployment has shifted towards co-investment, and Asia-Pacific carries the lowest regional allocation of the three surveyed. The constraint is not appetite. It is that co-investment requires deal-level verification an allocator cannot perform from outside the region. Section 3.5 sets out where that gap opens fastest, which is on assets whose cash flow is already in hard currency.

Our role is to find those situations before they reach a market that will decline them on first read, work out which risks can be reshaped and which cannot, and structure accordingly. In a year defined by the segmentation of capital, that is where we think the work is.

11. About KentRidge Capital

KentRidge Capital

KentRidge is a Singapore-based private credit and capital advisory platform working with private-credit funds, institutional investors, family offices and strategic capital providers globally. Typical transaction size is US$20 million to US$150 million across senior secured debt, mezzanine and special situations, with particular focus on acquisition finance, refinancing, asset-backed and trade finance, and project and infrastructure capital.

The firm is based in Singapore and originates across Asia-Pacific, India, Australia, Europe, Africa and the United States. The practice is structuring-led. Its work concentrates on transactions where the financing requirement is real but the conventional route to capital is closed, and where reshaping collateral, cash control or instrument design decides whether the transaction is executable.

12. Methodology and Sources

This report combines three layers. External market data has been drawn from primary and institutional sources, cited at the point of use and in the summary below. Section 3 and the market observations attributed to KentRidge come from the firm's own transaction analysis and counterparty dialogue through 2026. These have been anonymised and aggregated, and no client name, counterparty name, mandate detail, pipeline figure or transaction-specific term has been reproduced. Interpretation and forward views are KentRidge's own and are identified as such.

Principal external sources

- Macroeconomic: US Bureau of Labor Statistics (July 2026 employment situation); Federal Open Market Committee; CME FedWatch; European Central Bank staff projections and Survey of Professional Forecasters (Q2 2026); EY Global Economic Outlook (June 2026); Morningstar economic outlook (July 2026).
- Private credit: Moody's private credit outlook 2026; Cleary Gottlieb, Outlook for Private Credit in 2026; Wellington Management private credit outlook; With Intelligence private credit outlook 2026; Heron Finance private credit benchmark (Q2 2026); S&P Global Ratings; McKinsey Global Private Markets Report 2026.
- Credit stress: Federal Reserve Bank of Boston, early warning signals in BDC portfolios (2026); Federal Reserve Senior Loan Officer Opinion Survey, April 2026.
- Private equity and M&A: PwC US Deals 2026 midyear outlook; CohnReznick Private Equity Mid-Year 2026 Trend Report; Valuation Research Corporation Q2 2026 private markets update; PitchBook data as reported.
- Digital infrastructure: Morgan Stanley research as reported; JPMorgan securitisation research as reported; Impax Asset Management; Ropes & Gray; Bank for International Settlements Quarterly Review (March 2026).
- Asia-Pacific: AIMA / Alternative Credit Council with Simmons & Simmons, EY and Broadridge, Private Credit in Asia; Chambers Private Credit 2026 (Asia-Pacific); Allianz Global Investors; BNP Paribas Securities Services / PitchBook Southeast Asia Private Capital Breakdown 2026.
- US lower middle market: Muzinich & Co, US private debt outlook (February 2026); Man Group, 2026 Credit Outlook; Avante Capital Partners (April 2026); Moody's, family offices and private credit (March 2026).
- Asian consumer credit and non-bank lending: Trading Economics, households debt to GDP, Asia country list (December 2025 reference period); World Economic Forum with Statista, drawing on World Data Lab and Brookings Institution, Asia's consumer class (October 2021); Reserve Bank of India sectoral credit data via Business Standard (August 2026); ICRA and Crisil as reported; Chambers Private Credit 2026 (Asia-Pacific); Research and Markets, Asia-Pacific alternative lending databook (Q1 2026 update).
- Institutional allocation and cross-border deployment: JP Morgan 2026 Global Family Office Report as reported; Knight Frank Wealth Report 2025; Monetary Authority of Singapore family office registration data as reported; Dakota family office market guides (2026); Asian Development Bank, Nonperforming Loans in Asia and Europe: Causes, Impacts and Resolution Strategies; ASEAN+3 Macroeconomic Research Office, Financial Stability Report 2024, chapter on property developer financing. Aviva Investors Private Markets Study 2026 (500 institutional investors, US$6.5 trillion of assets, published January 2026), for allocation levels, regional split and co-investment preference. Sovereign wealth fund allocation figures should be taken from the primary study before publication.
- Private credit defaults: Fitch Ratings US Private Credit Default Rate (5.7% TTM November 2025, 5.8% January 2026, record 6.0% April 2026, with the January decomposition of 74 unique defaulters and 89 events); Moody's on distressed restructurings as a share of 2025 defaults; Proskauer Private Credit Default Index Q1 2026; BofA Global Research 2026 default forecast; Cliffwater CDLI as the counterpoint.

- Federal Reserve leadership: Senate confirmation vote of 13 May 2026 and swearing-in of 22 May 2026 as reported; FOMC June 2026 statement and Summary of Economic Projections; Dallas Fed Trimmed Mean PCE.
- Hyperscaler self-funding counter-argument: Bloomberg Intelligence credit research, mid-2026, as reported.
- Transaction and market colour: ABF Journal Middle Market Debt Weekly; company announcements as cited. The Hughes Satellite Systems maturities, the Bank of America infrastructure initiative and the August 2026 secured revolver commitments are drawn from contemporaneous market reporting and should be verified against primary announcements before publication.

All external figures should be re-verified against the underlying primary sources before publication. Forecast figures are attributed to their originating institutions and are not KentRidge projections unless expressly stated. Figures, ranges and structures described in Section 3 are indicative, aggregated and anonymised, and are not offers, quotations or representations of terms available in any transaction.