

Castlelake Origination Platforms Strategy Q&A

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In the following Q&A, Castlelake Partner and Head of Capital Markets, Armin Rothauser, shares insight into the firm's Origination Platforms Strategy. He delves into the platform's offerings, Castlelake's strategy for capital deployment and the value the strategy brings for not only Castlelake, but its stakeholders and originator partners.

Q. Describe Castlelake's Origination Platforms Strategy. What do you hope to achieve?

A. Castlelake's Origination Platforms Strategy is currently primarily focused on taking minority or majority stakes in loan origination businesses that are in the early-to-mid cycle stage and partnering with them long-term, giving them opportunity to grow alongside Castlelake's capital.

Q. What value does this strategy bring to Castlelake stakeholders?

A. We believe that one key differentiator of our strategy is that we invest in these origination platforms through our management company, meaning we generally don't have a requirement to sell and thus have the flexibility to be long-term partners. By partnering with origination platforms, we believe that we can have more control over all pieces of the value chain, and thus the risk, which increases the potential of providing secure, attractive investment opportunities.

Q. Take us through some of the details. How much capital are you looking to deploy, in what format, with what terms and when?

A. Castlelake has a significant amount of capital to invest, and we are currently aiming to distribute the capital across four to five platforms. However, this is not linear and if the right opportunity presents itself, we would be flexible in our capital distribution, as we believe that we can provide solutions across equity, debt, convertible debt and preferred debt.

Q. What does the combination of Castlelake and Brookfield provide for origination platforms that do or are looking to partner with Castlelake?

A. Our partnership with Brookfield provides us with access to additional capital and resources that we believe would benefit our origination platform partners.

Q. What are some of the key characteristics of the platforms Castlelake is looking to partner with?

A. Castlelake generally aims to partner with origination platforms that are in their mid-growth stage, so we are not targeting pure startups or fully mature platforms. In addition, we look for platforms and management teams that align with Castlelake's culture and purpose given our long-term partnership goals.

Q. What sectors and regions are you targeting?

A. We are looking to partner with originators in the US, UK and Western Europe. Our current focus is on originators who specialize in real estate, consumer, equipment and the small businesses sectors.

Q. What value can Castlelake offer to originators it partners with?

A. By partnering with Castlelake, we believe that origination platforms will have a potentially stabilized source of capital to support their growth from a firm that has a deep understanding of origination platforms. Our capital markets capabilities can also provide additional avenues for potential growth and funding sources as these platforms become more mature.

In addition, our nearly 20-year history as an asset-based investor underscores our focused strategy, which along with our Brookfield partnership, provides a strong platform for these originators to grow.

Q. How long has Castlelake been partnering with origination platforms? What has the firm achieved in that time?

- A. Castlelake has been partnering with origination platforms for nearly 20 years and part of our DNA is based on how to manage these platforms. Examples of our recent partnerships include with specialty finance lenders [Aequum](#) and Lendmarq.

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