gambit
CORPORATE FINANCE

Debt Capital Markets

Gambit Review

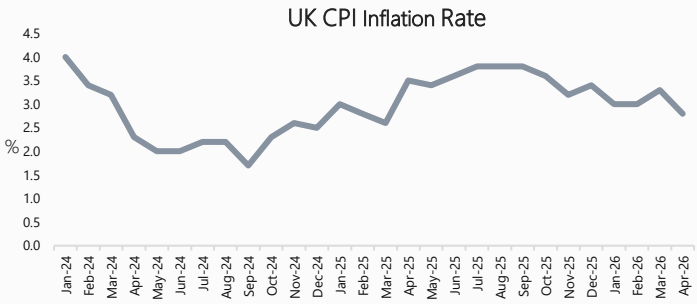
May 2026

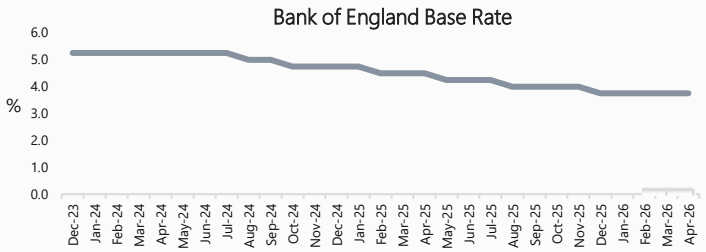
Executive Summary

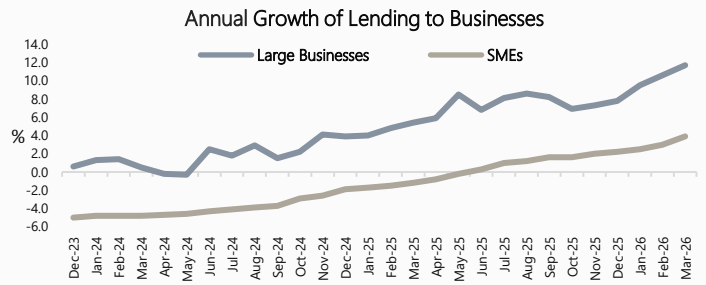
Jason Evans
Partner, Debt Advisory

Jason Evans is the Partner who leads Gambit's Debt Advisory team. Prior to joining Gambit, Jason was Regional Director for Lloyds Banking Group, heading up the regional corporate banking team in the mid-market and working with businesses with turnover between £10m and £750m. During his 33-year career, Jason has held various senior roles, including Divisional Head of Leveraged Finance for HSBC.

He is an Associate of the Securities and Investment Institute, holding an advanced corporate finance qualification from the Institute of Chartered Accountants in England and Wales (ICAEW). Jason has also been voted "Corporate Banker of the Year" on a number of occasions at the Insider Dealmaker Awards and more recently has won a number of debt advisory awards.

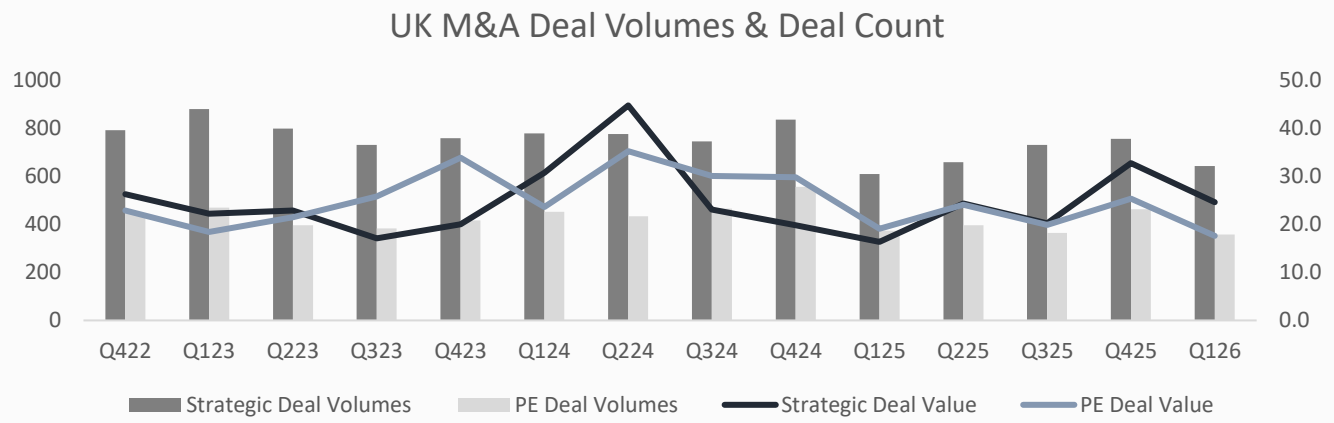






- UK CPI inflation has eased materially, falling from a peak of 11.1% in October 2022 to 2.8% in April 2026.
- Despite inflation still sitting above the Bank of England's 2% target, the base rate has been lowered from 5.25% in September 2023 to 3.75% in December 2025 (and has remained at this level), through six quarter-point reductions.
- Looking ahead to 2027, forecasts for the base rate remain highly divergent amid ongoing geopolitical and macroeconomic uncertainty. Market participants surveyed by the Bank of England anticipate rates could be elevated if hostilities in the Gulf persist, while a faster return of inflation to target could see rates decline toward 2.35%.
- Lending growth to large corporates increased from 5.4% in March 2025 to 11.7% in March 2026, while SME lending growth improved from (1.2)% to 3.9%, signalling a strong recovery, albeit against a fluid and potentially changeable macro backdrop.
- Partnering with experienced corporate finance advisors is key to being well-prepared for navigating discussions with the most appropriate financial institutions.

Sources: Bank of England, ONS, Capital Economics, Gambit Analysis



Volumes

- Private equity transaction activity decreased by 22.7%, from 463 deals completed in Q4 2025 to 358 deals completed in Q1 2026.
- Strategic transaction activity decreased by 14.8%, from 755 deals completed in Q4 2025 to 643 deals completed in Q1 2026, reflecting a softer start to the year following heightened activity in the prior quarter.
- Despite the quarterly decline, strategic deal volumes remained 5.6% above Q1 2025 levels, suggesting that corporate appetite for M&A continues to show resilience despite ongoing macroeconomic and geopolitical uncertainty.
- Private equity deal volumes remained slightly below Q1 2025 levels, decreasing by 4.0% year-on-year, as sponsors continued to exercise caution around new platform investments amid valuation discipline and selective capital deployment, generally noting a focus on a 'flight to quality'.

Values

- Strategic deal values decreased by 24.8%, from £32.7bn in Q4 2025 to £24.6bn in Q1 2026, following a strong end to 2025.
- Total private equity deal values decreased by 30.4%, from £25.3bn in Q4 2025 to £17.6bn in Q1 2026, reflecting lower sponsor-backed activity.
- Despite the quarterly decline, strategic deal values increased by 50.9% year-on-year, indicating continued corporate appetite for sizeable strategic acquisitions.
- Private equity deal values decreased by 7.9% year-on-year, reflecting a more subdued sponsor-led market relative to strategic acquirers.
- Well-capitalised strategic consolidators, alongside pressure on private equity to deploy capital, could support improved M&A volumes and values through 2026. However, the geopolitical landscape remains volatile which could also impact the M&A market.

Sources: Pitchbook, Gambit Analysis

SME and Mid Market loans

- Gross SME bank lending increased by 9% to £68bn in 2025, representing the second-highest annual level recorded over the past 13 years.
- Approximately 50% of SMEs utilise external finance, underlining the important role of credit in supporting business strategy, operational resilience and growth initiatives.
- Challenger and specialist banks, alongside non-bank lenders, have continued to gain share over the past decade, reshaping the SME funding landscape and now accounting for over 68% of SME lending in 2025, up from 39% in 2012.
- European leveraged loan markets also hit record highs in 2025, with issuance surpassing the previous peak set in 2021.
- Direct lending volumes grew 22% year-on-year, with direct lenders focused on mid-market borrowers whilst the syndicated loan market is focused on serving larger, jumbo transactions.
- While the growing number of debt providers has broadened the range of financing options available to borrowers, it has made the funding market more complex to navigate.

Typical pricing spreads

	Senior Cash Flow	Unitranche	Subordinated
Apr-26	3.75% – 6.00%	5.75% - 8.00%	9.75% - 13.50%
Mar-26	3.75% – 6.00%	5.75% - 8.00%	9.75% - 13.50%
Apr-25	4.00% - 6.00%	6.00% - 8.25%	10.00% - 13.50%

- Pricing across senior cash flow, unitranche and subordinated facilities has broadly stabilised following a period of tightening spreads and improving leverage appetite.
- Leveraged lending activity, particularly across the mid-market, has recovered as borrowers take advantage of improved financing conditions and strong lender liquidity.
- Dividend recapitalisations continue to be prevalent across private equity portfolios, enabling sponsors to generate liquidity and crystallise returns ahead of the eventual sale of portfolio companies.
- In short, whilst borrowing conditions have improved, leveraging the expertise of a knowledgeable debt advisor to support a quality proposal to present to the most relevant funder audience is key to achieving a successful fundraise.

Sources: Pitchbook, Capital Economics, Gambit Analysis

Private Credit

Overview

- The UK remains Europe's leading direct lending market, accounting for just under 25% of total private debt deal volume in 2025.
- European private debt activity strengthened materially in H2 2025, with 551 deals completed, representing a 26.4% increase on H1 2025 and a 16.2% increase versus H2 2024.
- M&A continues to drive transactions, with 63% of activity revolving around an acquisition in the last 12 months. Moreover, 90% of deals completed in the period involved a private equity sponsored asset.
- Private credit adoption continues to accelerate, as sponsors increasingly favour non-bank lenders for certainty, flexibility and speed of execution.
- 2025 has exhibited a greater level of lender risk appetite, with 54.0% of deals exceeding 4.0x leverage in 2025, a significant increase from 32.5% in 2024.
- The outlook for the UK private credit market remains balanced heading through 2026. There is continued institutional demand, ongoing sponsor appetite for flexible financing solutions and sustained lender focus on capital deployment. However, the broader geopolitical and macroeconomic outlook remains fluid.

2025 market snapshot

~25%	UK's share of European market activity
551	H2 2025 European private debt deals
26%	Increase in activity from H125
63%	Proportion of deals attributable to M&A
83%	Proportion of deals structured as first lein
54%	Proportion of 2025 deals exceeding 4.0x leverage

What does this mean for borrowers?

1. *Reliable access to capital despite public market volatility*
2. *Flexible structures tailored to lower mid-market businesses*
3. *Experienced lenders with the ability to support growth and change*
4. *Improved pricing, leverage and structures*

What does this mean for lenders?

1. *Attractive deployment opportunities in a resilient UK lower mid-market*
2. *Increased borrower demand for certainty, speed and structuring flexibility*
3. *Repeat deal flow from active sponsor-backed businesses, supporting ongoing origination*

Sources: Pitchbook, Gambit Analysis

Gambit Corporate Finance

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Gambit Corporate Finance acted as lead advisor to digIG on raising debt facilities from Ecobank The Pan African Bank

Gambit Corporate Finance acted as lead advisor to Journey Hospitality on its fundraising from Growth lending

Gambit Corporate Finance acted as lead advisor to Hybrid. on its fundraising from HSBC

Gambit Corporate Finance acted as lead advisor to veezu. on its refinancing from Santander and Tresmares Capital

Gambit Corporate Finance provided strategic advice to the **British and Irish Lions**

Gambit Corporate Finance acted as lead advisor to CREO MEDICAL on raising debt facilities from Barclays

Gambit Corporate Finance

Established in 1992, Gambit Corporate Finance is an independent corporate finance boutique specialising in advising private and public organisations on mid-market transactions in the UK and overseas. With offices in London and Cardiff, Gambit is widely recognised as a market leader in corporate finance advice having built up detailed industry knowledge and an enviable track record in deal origination and execution.

www.gambitcf.com

Corporate Finance International

Gambit is the exclusive UK shareholder of CFI, a global partnership of mid-market investment banks and corporate finance advisory firms. With over 300 professionals located in 28 offices throughout the world, CFI members specialise in cross-border acquisitions, disposals, capital raising and related services. CFI is Ranked number 19 in Europe and number 31 globally by Thomson Reuters for transactions valued up to €200m.

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