gambit
CORPORATE FINANCE

Debt Capital Markets

Gambit Review

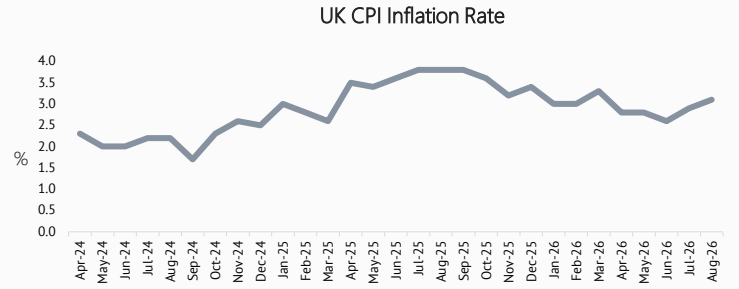
October 2026

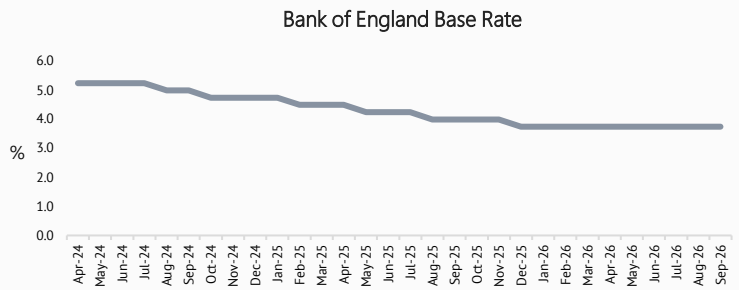
Executive Summary

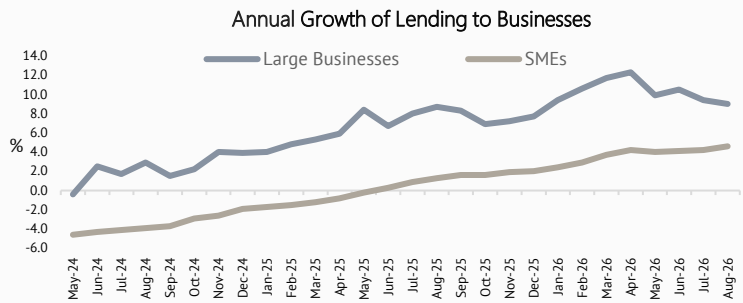
Jason Evans
Partner, Debt Advisory

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.

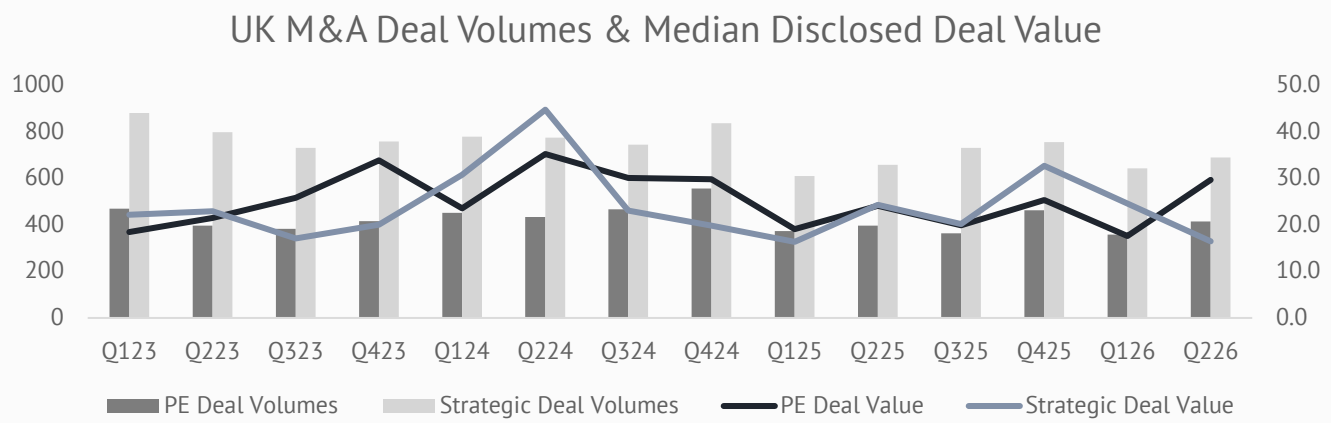






Sources: Bank of England, ONS, Capital Economics, Gambit Analysis

- UK CPI inflation has fallen from a peak of 11.1% in October 2022 to 3.1% in August 2026.
- Despite inflation still sitting above the Bank of England's 2% target, the base rate has been lowered through six quarter-point reductions, from 5.25% in April 2024 to 3.75% in December 2025, where it has remained through to September 2026.
- Forecasts indicate the BoE base rate gradually declining through 2027, however, domestic inflationary pressures and geopolitical uncertainty could impact future rate reductions.
- Lending growth to large businesses has increased from -0.3% in April 2024 to +9.0% in August 2026, while SME lending growth improved from -4.7% to +4.6%, signalling a strong recovery, despite continuous global uncertainty.
- As lending activity continues to recover and financing conditions evolve, engaging with experienced corporate finance advisers can help businesses identify the most suitable funding options and navigate an increasingly diverse funding market.



Volumes

- Private equity transaction activity increased by 15.9%, from 358 deals completed in Q1 2026 to 415 deals completed in Q2 2026.
- Strategic transaction activity increased by 7.3%, from 643 deals completed in Q1 2026 to 690 deals completed in Q2 2026.
- Private equity deal volumes increased 4.8% year on year, rising from 396 transactions completed in Q2 2025 to 415 in Q2 2026. The increase suggests improving confidence among sponsors, with firms continuing to identify attractive acquisition opportunities and deploy capital in support of long-term investment strategies.
- The increase in strategic deal volumes during Q2 2026 suggests there is a positive outlook in the UK M&A market, supported by the 4.9% year on year growth to 690 transactions in Q2 2026. As confidence in the markets improve, corporates appear increasingly willing to pursue acquisitions that support their long-term growth strategy.

Values

- Median strategic deal values decreased by 32.9%, from £24.6m in Q1 2026 to £16.5m in Q2 2026, following a continued drop from a strong end to 2025.
- Median private equity deal values increased by 68.8%, from £17.6m in Q1 2026 to £29.7m in Q2 2026, reflecting a strong increase in sponsor-backed activity.
- The decline in median strategic deal values to £16.5m reflects a reduction in strategic large cap deals and an increased focus on lower mid market bolt ons.
- Private equity deal values increased by 23.3% year on year, indicating capital deployment by financial sponsors for quality assets.
- Increased activity from both strategic acquirers and private equity sponsors suggests continued appetite for M&A transactions in H2 2026. While buyers remain disciplined in their approach to valuations, the growth in deal volumes indicates that corporates and investors continue to find compelling opportunities to deploy capital and pursue long-term growth objectives.

Sources: Pitchbook, Gambit Analysis

SME and Mid Market loans

- European leveraged lending activity recovered during Q2 2026, with issuance rising from €3.6bn in April 2026 to €17.2bn in June 2026.
- The annual growth rate of bank borrowing by SMEs rose from 2.2% in December 2025 to 4.1% in June 2026, a 1.9% acceleration, highlighting strengthening confidence and appetite from lower mid market businesses.
- As strategic acquirers increasingly target SME and lower mid-market opportunities, demand for acquisition financing has become more widely distributed across the market, supporting a competitive funding environment.
- 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
Jul-26	3.75% - 6.00%	5.75% - 8.00%	9.75% - 13.50%
Jun-26	3.75% - 6.00%	5.75% - 8.00%	9.75% - 13.50%
Jul-25	4.00% - 6.00%	6.00% - 8.25%	10.00% - 13.50%

- Average direct lending margins are more favourable in 2026 compared with 2025, with pricing ranges improving slightly across each financing structure.
- Strong competition among banks, debt funds and alternative lenders continues to support favourable borrowing terms, particularly for well-performing SME and mid-market businesses.
- Unitranche facilities provided by private debt funds remain a popular financing solution for mid-market transactions, offering increased flexibility to borrowers compared with traditional financing structures.
- In an increasingly competitive and diverse funding market, engaging an experienced debt advisor remains critical to identifying the most appropriate funding sources, optimising terms and delivering a successful transaction.

Sources: Pitchbook, Capital Economics, Gambit Analysis

Private Credit

Overview

- The UK continues to cement its position as Europe's leading direct lending market, accounting for 30% of all European direct lending deals and 33% of sponsored private credit transactions completed in 2026 YTD.
- European private credit reached a record 987 deals in 2025, a 15.4% year on year increase supported by softening interest rates and resilient M&A activity, setting an exceptionally high base against which 2026 activity is measured.
- European direct lending deal count declined by 13.8% from H2 2025 to H1 2026.
- While European private credit activity remains below the record pace of 2025, the data points to a healthy and increasingly mature market. Strong fundraising and continued leadership in buyout financing suggest private credit remains one of the most resilient and strategically important sources of capital across Europe in 2026.
- As private credit markets continue to grow, identifying the most appropriate lenders and funding structures has become increasingly complex. Experienced debt advisory support can help borrowers access the right funding partners, optimise terms and improve execution certainty.

H1 2026 market snapshot

30%	UK's share of European market activity
33%	UK's share of sponsored private credit transactions
82%	Deals with values under than €1bn

What does this mean for borrowers?

1. *Reliable access to capital despite public market uncertainty*
2. *Flexible structures tailored to lower mid-market businesses*
3. *Continued strength of UK private credit market demonstrates genuine appetite for quality proposals*

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

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Gambit Corporate Finance acted as lead advisor to HUNT and THE RIDER FIRM.CC on its fundraising from Santander

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 TRESMARES

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

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 27 globally by the London Stock Exchange Group for transactions valued up to €200m.

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