

## 'This is too much fun, we don't want to sell' – exclusive

*LCM Partners' Paul Burdell reflects on the firm's signing of a strategic partnership with Brookfield, which was announced yesterday.*

By Andy Thomson - 22 March 2018

It was 18 months ago that London-based credit manager LCM Partners opened talks with insurance companies and asset managers about the possibility of a strategic partnership. The final outcome was revealed yesterday, when Brookfield was announced as the acquirer of a 25 percent stake in Link Financial Group, which comprises LCM and sister companies.

However, speaking exclusively to PDI, LCM chief executive officer Paul Burdell says the initial interest was a little too enthusiastic – with some suitors keen to buy LCM lock, stock and barrel. "We had to say 'We're not for sale'. We're growing and not interested in selling to anyone. We're having too much fun."

What the firm wanted was a strategic partner that would help it grow beyond Europe, where it has 10 offices, into the rest of the world. Over the last 10-12 months, it was global asset management giant Brookfield that emerged as the preferred choice. Why? "They're operators, like us," says Burdell. "They buy, create and re-invest those proceeds alongside their LPs. They eat what they cook, and they had a better understanding of what makes us tick than what I would call 'desktop investors' because we share a common philosophy of building long-term client relationships, which in turn leads to repeatable investment opportunities."

Burdell says the terms of the deal were essentially agreed a few months ago. They include an option for Brookfield to acquire a further 24.9 percent stake, which he insists was essential to proper alignment of interest. "It's not exactly 'try before you buy' but there's no way you can encourage a firm like Brookfield to help you and promote you without the opportunity for them to increase their position. They have to be incentivised."

Of the global expansion ambition, Burdell says: "It will be very methodical, we're not just going to hurry into anything. We will do very thorough research with Brookfield's help and they may have opportunities they will want to take in credit, so it will be very complementary. The short answer is 'watch this space'. It's not a race or a trade, it's about the next 10 years and building a relationship."

LCM, which is currently investing from its €2 billion LCM Credit Opportunities III strategy which closed in 2016, recently launched its Strategic Origination and Lending Opportunities (SOLO) strategy.

Burdell told PDI that SOLO, which will see LCM team up with originators including large multinationals to lend into the consumer and SME markets, has so far raised around €800 million with one cornerstone investor signed up and three others expected to follow in the next few months. The strategy has a €1.5 billion hard cap.