

## **Fifth Street Finance Lands \$50M Credit Line From Wachovia**

By Rimin Dutt

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White Plains, N.Y. -- Business development company Fifth Street Finance Corp. has landed a \$50 million financing from Wachovia Bank N.A., which will replace its Bank of Montreal \$50 million line of credit.

The new credit facility includes a three-year \$50 million commitment, and a potential extension of the facility by another \$50 million via co-investors, said Leonard Tannenbaum, president of Fifth Street. The facility will bear interest rate of Libor plus 4% per year.

"It is far safer and better matched with the duration of our investments," said Tannenbaum, adding that the company liked the multi-year feature of the facility.

As a result, Fifth Street will cancel its \$50 million secured revolving credit facility with the Bank of Montreal scheduled to expire at the end of December. The firm had landed that at a rate of Libor plus 1.5%.

Along with an expected \$225 million in financing from the U.S. Small Business Administration, this new credit facility will give Fifth Street an available capital base of up to \$325 million to invest in new deals. With many other mid-market lenders pulling back in the current market, Fifth Street expects to see "disproportionate uptick" in its deal flow, said Tannenbaum.

The firm recently added a managing director, Casey Zmijeski, to beef up its deal origination team. The firm is looking to hire up to two more senior professionals, said Tannenbaum.

The firm had been in talks with Wells Fargo, the bookrunner for the BDC's IPO last year, for the last six months, said Tannenbaum.

Fifth Street invests in small and mid-sized companies.

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