Private Debt Course: Direct Lending, Covenants, Monitoring and Loan Valuation

11 – 15 January 2027
Rome

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Programme Summary

Private debt, from direct lending terms and covenants to monitoring and loan valuation, is the subject of this one-week training course for lending, fund and credit leaders, ending in a credit committee pack for one direct loan. Loans made outside public markets carry no market price to warn the lender, so weak terms and late monitoring show up only as losses. The programme moves from the private debt market to underwriting, structure, monitoring and valuation, using one prepared borrower file. Mars Training Centre UK delivers this programme on private debt to mixed-organisation cohorts.

The Business Case

Banks, credit funds, family offices and insurers lend directly to companies that do not borrow in public markets. Leaders who can judge a borrower, shape the terms and keep watch after funding can approve private loans with a record of why each term was chosen and what would trigger action.

- Credit Losses: Fall when underwriting is tested against downside cases and weak borrowers are caught early.
- Recovery Outcomes: Improve when covenants and security give the lender a seat at the table before value is lost.
- Valuation Challenge: Eases when unquoted loans are valued on documented inputs rather than cost alone.

Principles and Evidence Base

- IFRS 9 Financial Instruments: The international standard for classification and expected credit loss, applied in Session 4 to stage loans and size provisions.
- IFRS 13 Fair Value Measurement: The international standard for fair value of assets with no quoted price, applied in Session 4 to value private loans.
- Loan Covenant Package: The set of financial and information undertakings that protect a lender, applied in Session 3 to draft and test terms.

Intended Participants

- Lending and investment managers who originate and structure private loans.
- Credit committee members who approve loan terms and exceptions.
- Portfolio and monitoring managers who track borrower performance after funding.
- Valuation and finance managers who value unquoted loans and set provisions.

Typical settings include banks, credit funds, family offices, insurers and development finance bodies.

Learning Outcomes

1. Participants will be able to compare private debt with syndicated and public lending for a stated mandate.
2. Participants will be able to evaluate a borrower's repayment capacity under base and downside cases.
3. Participants will be able to construct a term sheet with pricing, security and a covenant package.
4. Participants will be able to calculate covenant headroom and diagnose early warning signs after funding.
5. Participants will be able to estimate expected credit loss and fair value for an unquoted loan.
6. Participants will be able to justify a lending recommendation in a credit committee paper.

Programme Structure

Day 1: Private Debt Market and Mandate

Where does private debt sit among lending choices?

- Lender Universe Map
- Direct Versus Syndicated Loan Comparison
- Return and Risk Profile Sheet
- Mandate Fit Screen
- Borrower Sourcing Checklist

Day 2: Borrower Underwriting

Can this borrower repay, and under what stress?

- Cash Flow Repayment Model
- Leverage and Coverage Ratios
- Downside Case Builder
- Sponsor and Management Review
- Credit Risk Rating Scale

Day 3: Terms, Security and Covenants

Which terms protect the lender without choking the borrower?

- Term Sheet Template
- Pricing and Fee Build-Up
- Security Package Map
- Financial Covenant Test Design
- Information Undertaking List

Day 4: Monitoring, Valuation and Workouts

How is a funded loan watched, valued and corrected?

- Early Warning Indicator Dashboard
- Covenant Headroom Tracker
- IFRS 9 Staging Table
- IFRS 13 Loan Valuation Sheet
- Waiver and Restructuring Options Map

Day 5: Credit Committee Pack for One Direct Loan

Do the findings join into a pack a committee can approve?

- Applying the Session 1 Mandate Fit Screen
- Testing the Session 2 Downside Case
- Finalising the Session 3 Term Sheet
- Setting the Session 4 Monitoring Triggers
- Completing the Credit Committee Pack

Methodology

The programme is a case analysis built on one prepared borrower file from a mid-sized manufacturer, with accounts, a sponsor plan and a draft term sheet. Participants underwrite the loan, shape the terms, plan monitoring and value the position, then defend the pack to peers acting as a credit committee.

- Suggested activity: Building a downside case and measuring covenant headroom.
- Suggested activity: Redrafting a term sheet to close a gap in security.
- Suggested activity: Staging the loan and valuing it on stated inputs.

Capstone Output

Each participant completes a credit committee pack for one direct loan. It holds a mandate fit note, a repayment model with a downside case, a term sheet with covenant tests, monitoring triggers and a valuation sheet. At work it goes to the credit committee and sets the template for later loans.

Frequently Asked Questions

Is private debt suitable for managers who have not made direct loans before?

Yes. Private debt is taught from the market upward, with a prepared borrower file and templates. You need responsibility for lending, investment, credit or valuation, but no earlier experience of structuring private loans.

Which standards does private debt rest on in this course?

Private debt here rests on IFRS 9 for expected credit loss, IFRS 13 for fair value and the loan covenant package, applied to one prepared borrower file.

How is the pack from private debt used at work?

You take the credit committee pack to your committee, use its covenant tests and triggers to watch the loan after funding, and keep its template for later lending decisions.

How does private debt differ from a programme on project finance?

Private debt concentrates on lending to operating companies and the terms, covenants and valuation of those loans, while a programme on project finance concentrates on funding single assets from their own cash flows.