Legal Perspectives on Loan Market Trends

MODERATOR:
Thomas Mellor, Partner, Morgan Lewis

SPEAKERS:
Scott M. Herrig, Partner, Davis Polk
Michelle Kilkenney, Partner, Kirkland & Ellis LLP
Matthew Schernecke, Partner, Hogan Lovells

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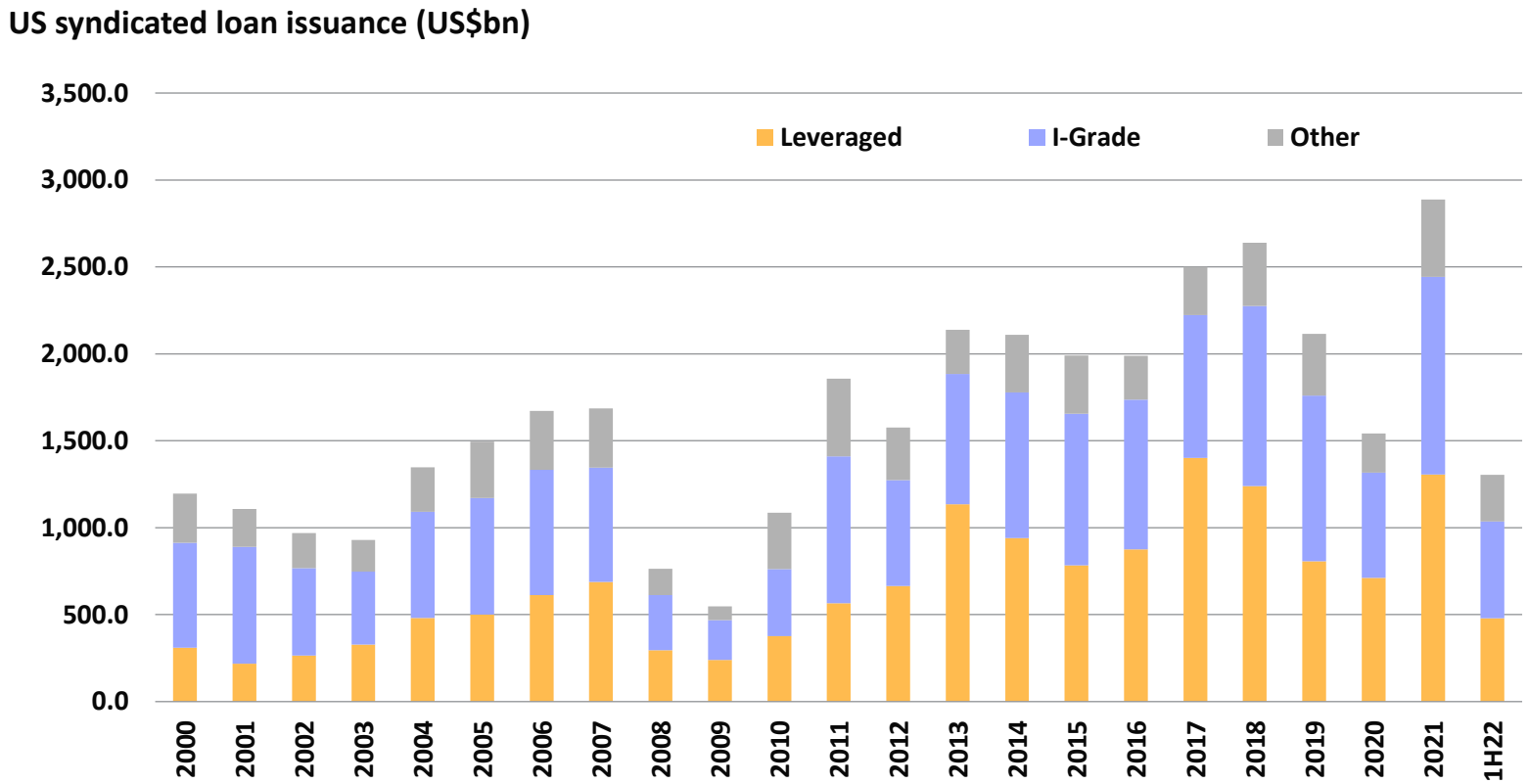
Presentation Overview

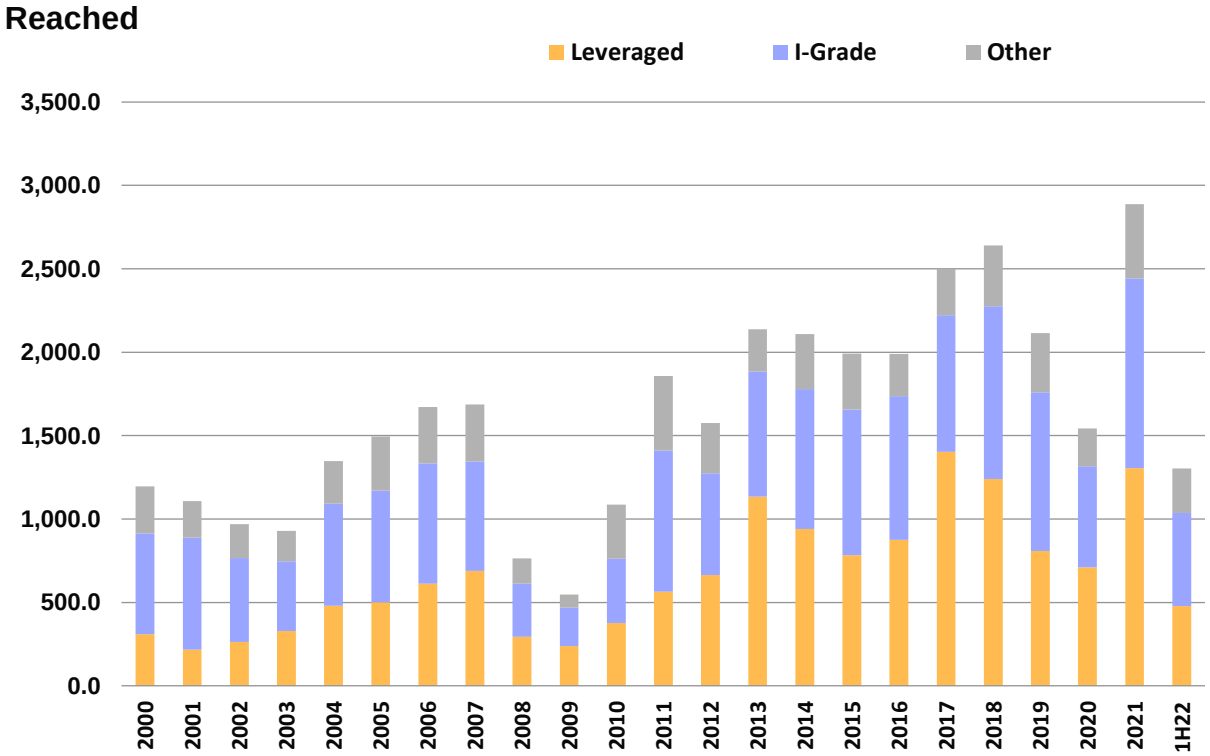
- Overview of Credit Agreement Terms
  - Broadly Syndicated Loan Market
  - Middle Market
    - Direct Lending
- Direct Lending
  - What's new?
  - Unitranche structure
- Recurring Revenue Loans
- Stressed Borrowers
- Predictions for 4Q22 and beyond…

In 2021, US Syndicated Lending Hit a Record $2.9T



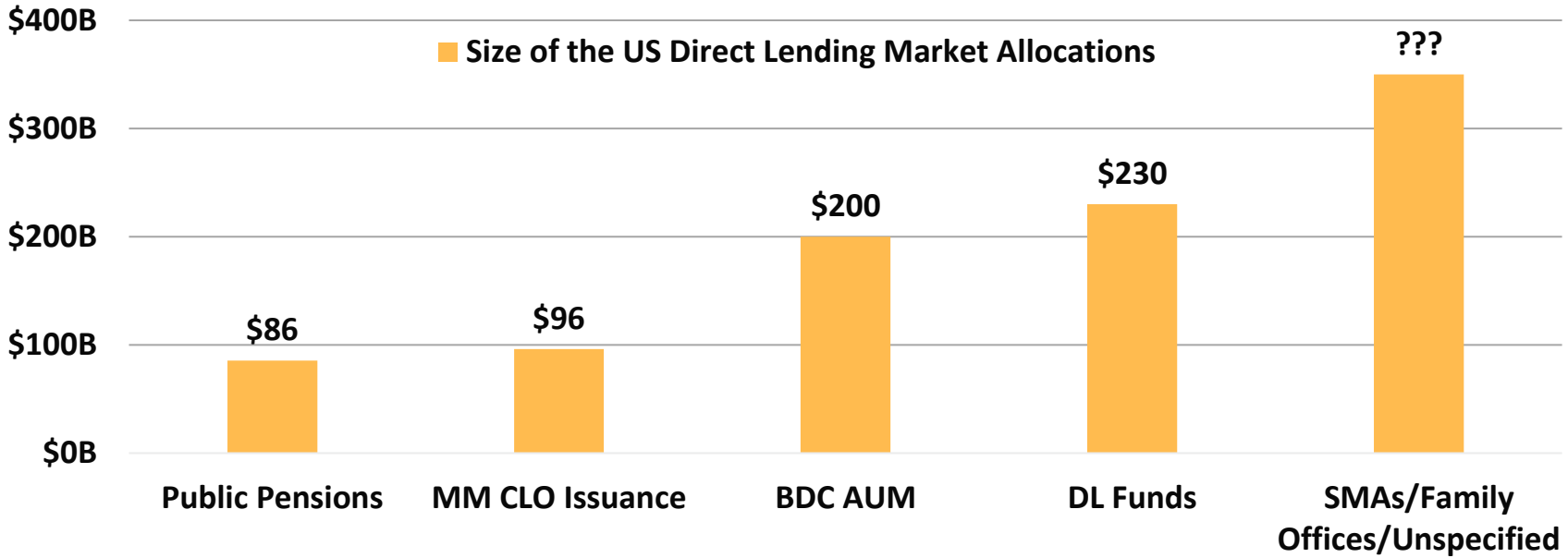
Source: Refinitiv LPC

Syndicated Lending in 1H22 Was About $1.3T of which $480B Was Leveraged Lending



Source: Refinitiv LPC

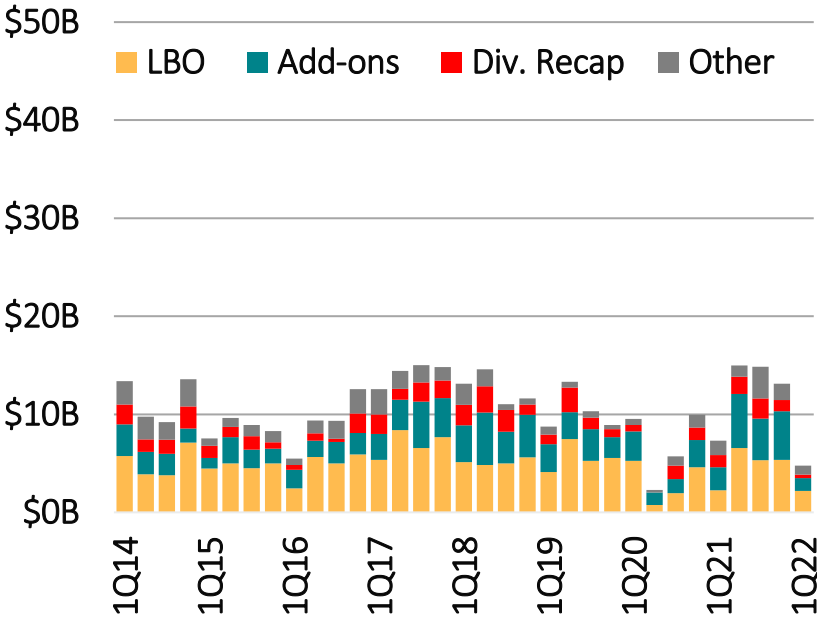
Direct Lending Market is Estimated At About $1T



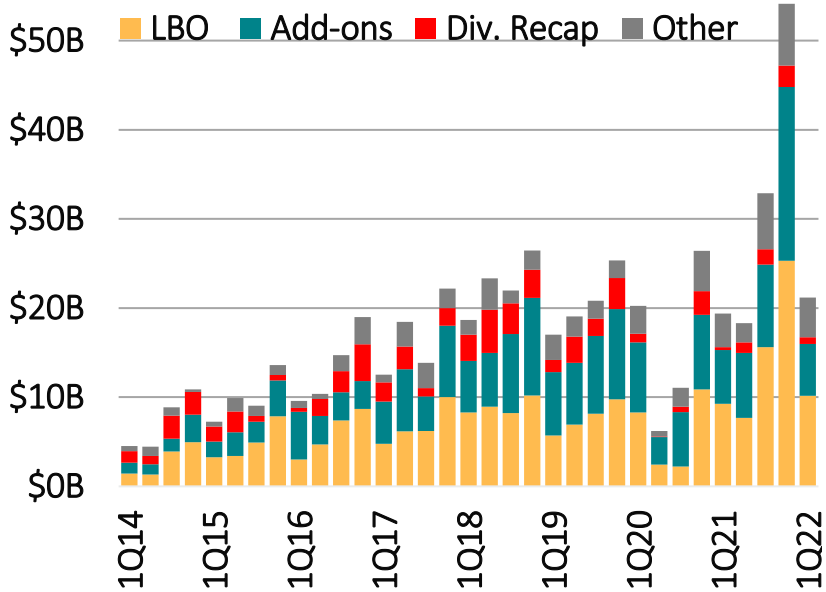
Source: Direct Lending Deals LLC (MM CLOs: Refinitiv; BDCs: Public filings extracted by DLD; Public Pension Plan Estimate: PublicPlansData.org; Preqin Pro's DL and PE funds outstanding amounts: North America aggregate capital raised since 2015)

In 2021, Direct Middle Market Sponsored New Money Volume Reached a Record $124B

Syndicated MM Sponsored New Money Volume

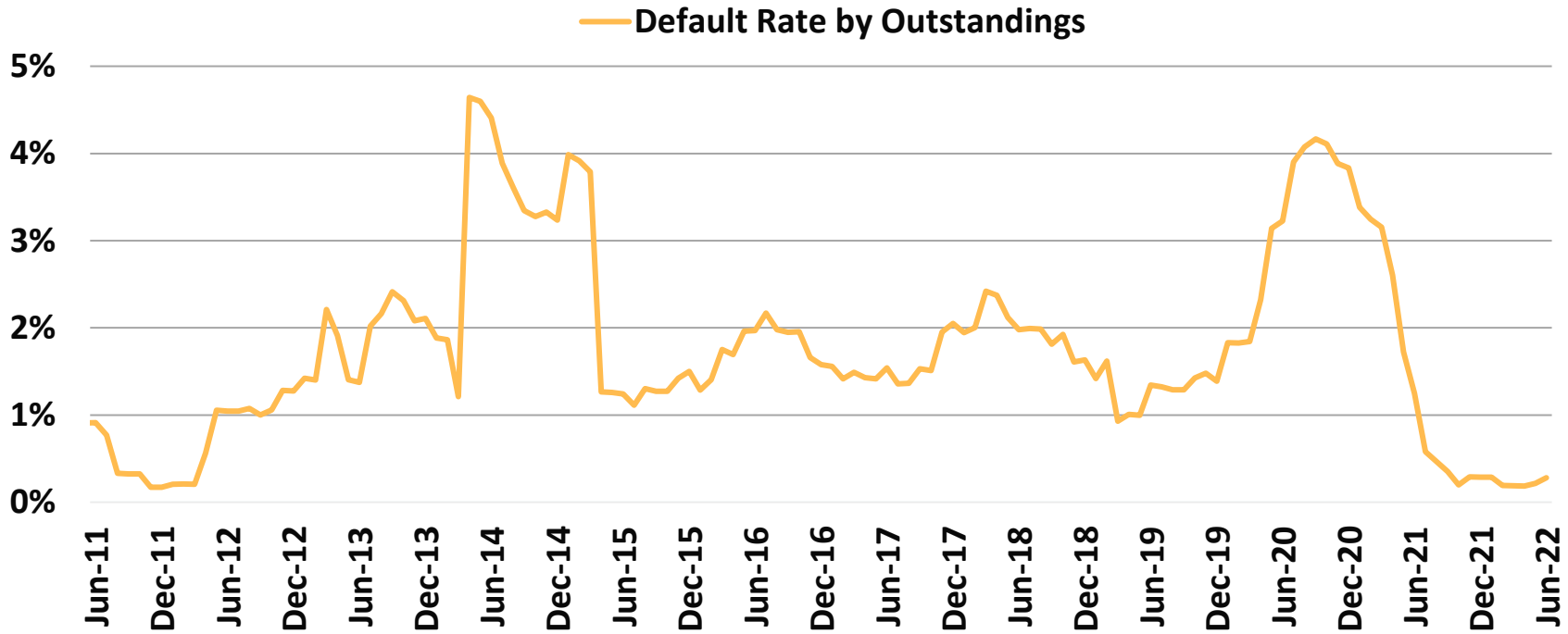


Direct MM Sponsored New Money Volume



Source: Refinitiv LPC

Today's Default Rate Stands At Only 0.28%



Source: Leveraged Commentary & Data (LCD)

Predictions for 4Q22 and 2023

- Broadly syndicated loan market?
- Middle Market?
  - Direct Lending?