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Price points emerge in 10% to 11% range for jumbo direct lending loans

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Issuer	Arranger	Amt ($M)	Spread	Discount	Floor	Call
Alnylam Pharma	GSO	$750	L+700	NA	1%	NA
Airbnb	Group of lenders	$1,000	L+750	97.5	NA	NA
Revlon	JEFF	$850	L+1,050, 2% PIK	par	1.5% floor	NC2, 2 step downs
Landry's	JEFF	$300	L+1,200	96	1% floor	NC2, 107 for 6 months
Everi	JEFF	$125	L+1,250	98	1%	NA

Source: Direct Lending Deals

Two jumbo direct lending deals surfaced this week— **Alnylam Pharmaceuticals** and **Airbnb** —as the first comps to guide new issue underwriting since the Covid-19 pandemic shut credit markets a month ago.

Alnylam obtained a $750 million 1L term loan at L+700, while Airbnb booked a $1 billion 1L at L+750 at a 97.5 issue price. With discounts and LIBOR floors, the all-in yields for both are probably between 10% to 11%.

Airbnb used proceeds to boost liquidity further after lining up $1 billion in second-lien debt and equity from Silver Lake and Sixth Street Partners last week. The home-sharing company had previously planned to go public.

Proceeds for Alnylam's $750 million term loan back an investment in the drug developer by Blackstone Group.

In the syndicated market, three deals emerged over the past week, yet lenders don't see them as templates that would lead to a wider reopening of syndications, but rather highly situational credits that are forced to come to market now. M&A financing that was on the launch pad prior to March remains shelved.

Jefferies is lead arranger on all three: **Landry's** (L+1,200, 96 discount), **Everi** (L+1,250, 98 discount) and **Revlon** (L+1,050, plus 2% PIK, at par).

Revlon is obtaining a comprehensive recapitalization, while Landry's and Everi are gaming-related companies seeking liquidity.

Pricing differences between the two groups reflect their distribution strategy, specific circumstances and sensitivity to depressed secondary prices, a measure that direct lenders might take into account but with far less rigidity.

Alnylam's $750 million term loan is held entirely by GSO Capital; and the group of 20+ lenders in Airbnb's $1 billion term loan includes many heavy hitters in direct lending such as Apollo Global, BlackRock, Blackstone, Owl Rock, Benefit Street Partners and Oaktree Capital. Traditional institutional investors include Eaton Vance, Fidelity Investments and T. Rowe Price.

With few comps and today's surreal market conditions, every deal that steps forward will seem like a novelty, but there are a few common themes, lenders note: 1) First lien spread conversations start in the L+600s and that's for companies less affected by the pandemic, 2) Call schedules start with non-call periods and 3) Leverage is at least 1x to 1.5x lower than pre-Covid levels, even for add-on acquisitions.

That shouldn't imply the new-issue pipeline is busy. Far from it. Opportunistic M&A is presenting itself but only in small pockets. Most activity continues to revolve around managing portfolios, for now.