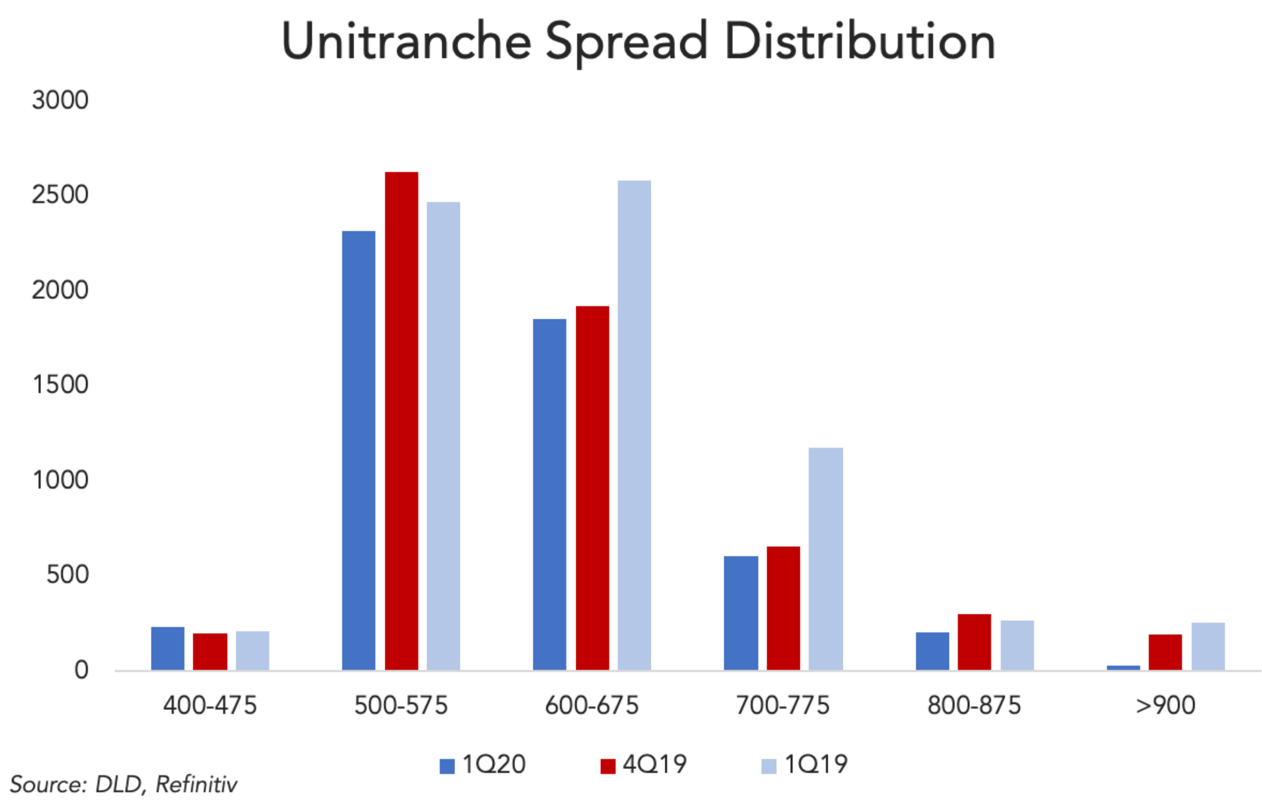
# Ardonagh highlights viability for large unitranches

KBRA DLD | June 25, 2020




## Chart 1

## $1B+ U.S. Direct Lending Loans

| Date | Company | Arrangers | Sponsor | Size |
|---|---|---|---|---|
| 8/1/19 | Gannett/New Media | Apollo Global | New Media | 1,790 |
| 10/1/19 | Risk Strategies | Golub/MidCap Financial | Kelso | 1,600 |
| 1/1/20 | MRI Software | Golub | Harvest Partners | 1,430 |
| 5/1/19 | Acuris | GS Private Credit/HPS | ION Group | 1,250 |
| 1/28/19 | ACProducts | KKR Capital/Credit | American Industrial | 1,075 |

*Source: DLD*

# Chart 2

It’s not a buyout, but **Ardonagh Group**’s record unitranche loan of £1.575 billion highlights the viability of jumbo ‘unis’ in a cautious direct lending market.

Ares Management’s direct lending platform in Europe is lead arranger on the financing, while Caisse de depot et placement du Quebec, HPS Investment Partners and KKR are significant lenders, according to Ares.

The lender group is tight, sources said, and includes Oaktree Capital and Owl Rock Capital.

Hold levels across direct lenders have retreated anywhere from 25% to 50% since the pandemic hit, sources say, but they note jumbo unis can still get done if anchored by underwriters that will take north of $100 million— as shown by Ardonagh’s roster. Without big anchor tickets, it’s much harder to piece together a unitranche of more than $400 million, they said.

While a U.K. deal, U.S. sources said that pricing and other terms would be similar here. The opening spread is L+750, tied to a grid and subject to a floor, according to sources. The non-call period runs for two years, then flips to 102/101 in years three and four.

There are few Covid-era comps on pricing for large direct lending deals. Sources say L+750 is about 100 bps to 150 bps above averages from a year ago.

The £1.575 billion is equivalent to $1.96 billion and eclipses the $1.79 billion unitranche financing arranged by Apollo Global for Gannett/New Media last year, which up until now was believed to be the largest unitranche ever underwritten.