Proskauer

Proskauer Releases 2020 Analysis of Private Credit Deal Terms

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NEW YORK, April 15, 2021- Proskauer, a leading international law firm, today released its 2020 *Private Credit Insights report.*

The proprietary study provides a unique in-depth analysis of deal terms contained in more than 200 transactions that the firm completed for its direct lending clients during 2020. In total the deals cover over $60 billion in transaction value.

“Our study found that, while 2020 was a very challenging year, our clients deployed historic amounts of capital in both sponsored and non-sponsored transactions supporting more than 125 distinct private equity sponsors,” said Stephen A. Boyko, co-chair of Proskauer’s Corporate Department and Private Credit Group.

Highlights from the study include:

- **Deals are getting larger**: 54% of deals had a loan size greater than or equal to $200 million
- **Industries and lenders**: Healthcare, software & technology, and business services remained the three leading industries comprising 66% of all deals.
- **Looser Covenants**: Covenant loose deals increased to 65% of all deals while covenant lite deals remained steady at 3% of all deals.
- **Decreasing Leverage:** Leverage decreased to 5.2x across all deals, and EBITDA add backs continued to grow, resulting in significantly higher actual leverage.
- **Effects of COVID-19:** COVID-19 clearly had an impact on the market particularly in Q2 and Q3 before terms returned to historic trends in Q4. Of particular interest were the decrease in leverage, increase in pricing and increase in the number of deals with full financial covenants.

“In today’s ultra-competitive environment, our data provides our clients with the tools they need to compete and win. Our data offers a real-time, analysis of today’s trends in deal terms, and can be sorted by industry, deal size, geography or dozens of other options,” added Boyko.

The Private Credit Group continues to create tools that offer unique insights to their clients, including an annual survey that features predictions from top lending institutions, which compliments the findings of this *Private Credit Insights* annual data report. In 2020, as part of an ongoing effort to help clients understand the initial impact of COVID-19 on private credit markets the group released a “pulse survey” of the markets and launched the *Proskauer Private Credit Default Index* on a quarterly basis - the first tool to track default rates for loans in the direct lending market. Together, these data tools provide an unparalleled view of the private credit market.

As a market-leading advisor to the private credit industry, Proskauer has assembled a cross-disciplinary finance and restructuring team exclusively dedicated to private credit investors. This team includes over 75 restructuring and transactional lawyers focused on representing credit funds, business development companies, and other direct lending funds in the restructuring of “clubbed” and syndicated credits and preferred equity investments.

Over the past five years, Proskauer has been involved in more than 1,000 deals for over 75 private credit clients across the United States and Europe with an aggregate transaction value exceeding $250 billion.

About Proskauer

We are 725+ lawyers serving clients from 12 offices located in the leading financial and business centers in the Americas, Europe and Asia. The world’s leading organizations, companies and corporations choose us to be their representatives in their most critical situations. But more, they consider Proskauer a strategic partner to drive their business forward. We work with asset managers, major sports leagues, Fortune 500 companies, entertainment industry legends and other industry-redefining companies.

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