Proskauer

Financing Secondary Fund Acquisitions

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Although overall private equity secondary deal volume was down for the first half of 2023 due to the macroeconomic environment and a slowdown in fundraising, among other things, the market remains resilient and demand from both buyers and sellers in the private equity secondary market will likely remain strong in 2024. To access this growing market and sell their investments, investors are increasingly looking to experienced secondaries buyers who manage fund vehicles that specialise in purchasing these interests. To fund the acquisition of these private equity fund interests, secondary funds are increasingly using leverage in the form of debt financing.

This chapter, featured in *Global Legal Insights'* 2024 Edition of "Fund Finance," examines the typical structure of debt facilities for secondary funds, outlines market financing terms and covers specific concepts and issues that often arise during negotiations.

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