



Proskauer»

SPAC IPO Study 2021

Global Capital Markets

About This Study

We are pleased to present our 2021 SPAC IPO Study, which provides market insight into the resurgence of special purpose acquisition company (SPAC) initial public offerings (IPOs).

We surveyed 204 SPAC IPOs that priced from January 1, 2016 through December 31, 2020, representing greater than 50 percent of the total population of SPACs that listed on a U.S. national securities exchange during the period covered.

Included in this population are 50 large SPAC IPOs (with a minimum base deal size of \$301 million), 92 mid-sized SPAC IPOs (with a base deal size of between \$151 million and \$300 million) and 62 small SPAC IPOs (with a base deal size of between \$50 million and \$150 million). Our study excludes SPACs with a base deal size of less than \$50 million and SPACs that are not listed on a U.S. national securities exchange.

Certain data in our study represents the total population of SPAC IPOs meeting our criteria in the overall market during the period covered (391).

For the year 2020, we surveyed 129 SPAC IPOs that priced from January 1, 2020 through December 31, 2020, out of a total population of 246 SPACs. Presentation of base deal sizes excludes any exercise of the over-allotment option.

The data in our study was compiled from publicly available registration statements and other SEC filings. Over-allotment and exchange listing data was sourced directly from Dealogic.

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This publication includes the presentation of statistical information for illustrative purposes only and should not be relied on for any inference of correlative or causal relationships. Although we believe our study is an accurate representation of the SPAC IPO market that meets our study's criteria, there may be certain deviations from the actual market.

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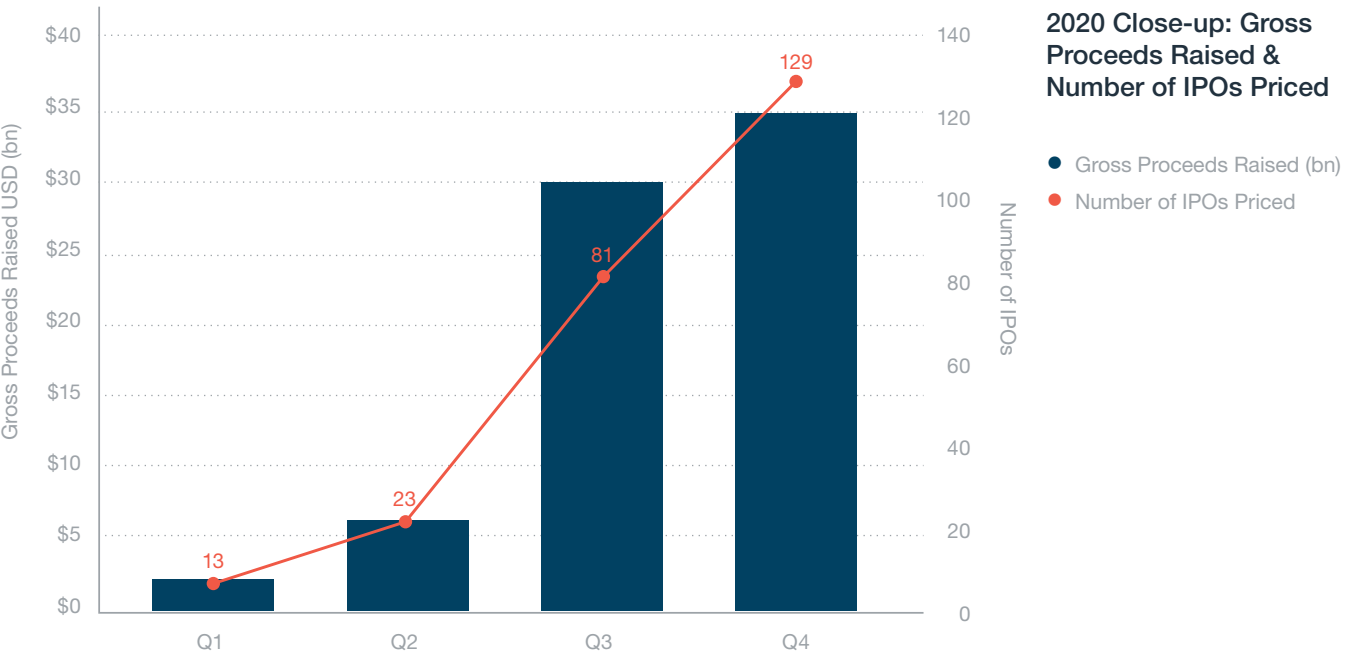
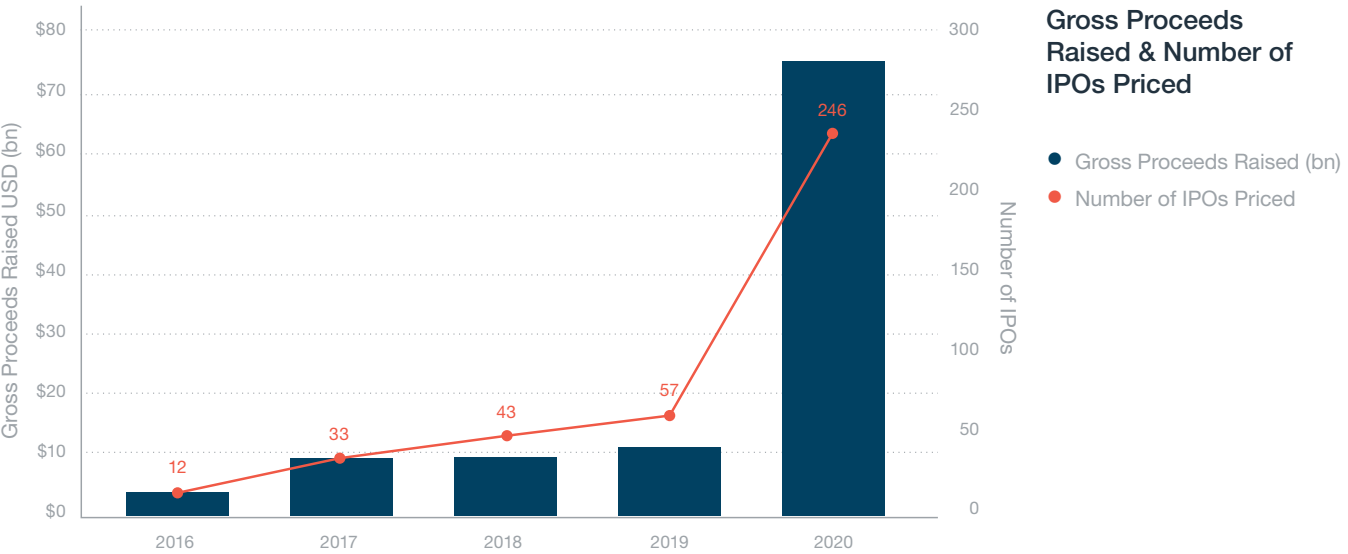
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Market Activity Overview

Data presented in the tables below represents the total population of 391 SPAC IPOs meeting our study criteria and is not limited to the 204 SPAC IPOs reviewed specifically in connection with this study.

Gross proceeds raised consists of priced amount in base offering and excludes any exercise of the over-allotment option.

In 2019, SPAC IPOs raised gross proceeds of over \$12 billion. In 2020, SPAC IPOs raised gross proceeds of over \$75 billion.

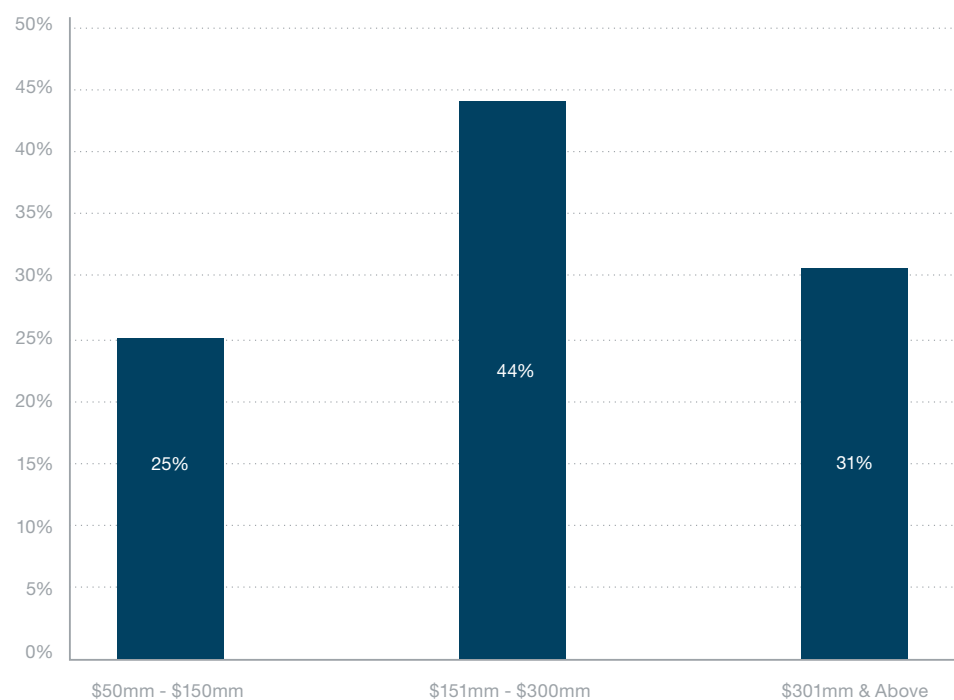


Deal Size

Data presented in the table below represents the total population of 246 SPAC IPOs that priced in 2020 meeting our study criteria and is not limited to the SPAC IPOs reviewed specifically in connection with this study.

Deal size consists of priced amount in base offering and excludes any exercise of the over-allotment option.

More than 40% of SPAC IPOs in our study that priced in 2020 had a deal size of between \$151mm and \$300mm.



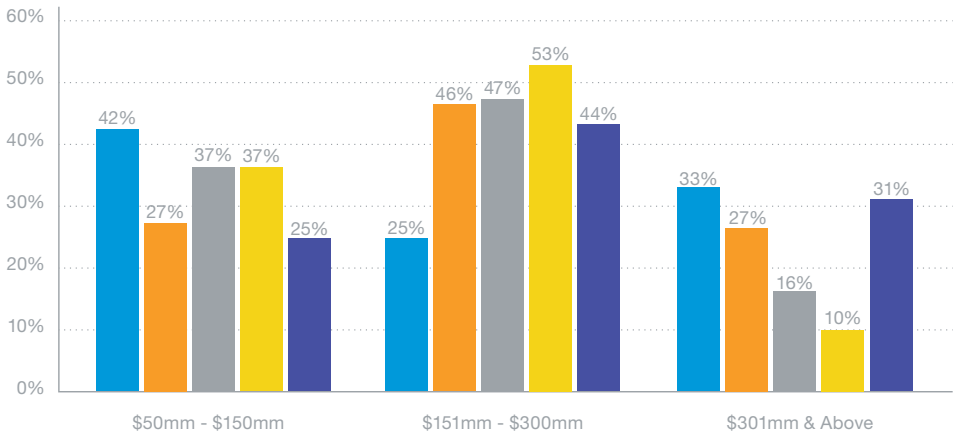
Percentage of Deals Priced in Deal Size Range

Deal Size – Deeper Dive

Data presented in the table below represents the total population of 391 SPAC IPOs meeting our study criteria and is not limited to the 204 SPAC IPOs reviewed specifically in connection with this study.

Deal size consists of priced amount in base offering and excludes any exercise of the over-allotment option.

In 2019, 90% of SPAC IPOs had a deal size of between \$50mm and \$300mm. Throughout 2020, there was a notable uptick in IPOs with deal sizes of greater than \$301mm as a percentage of the total market.



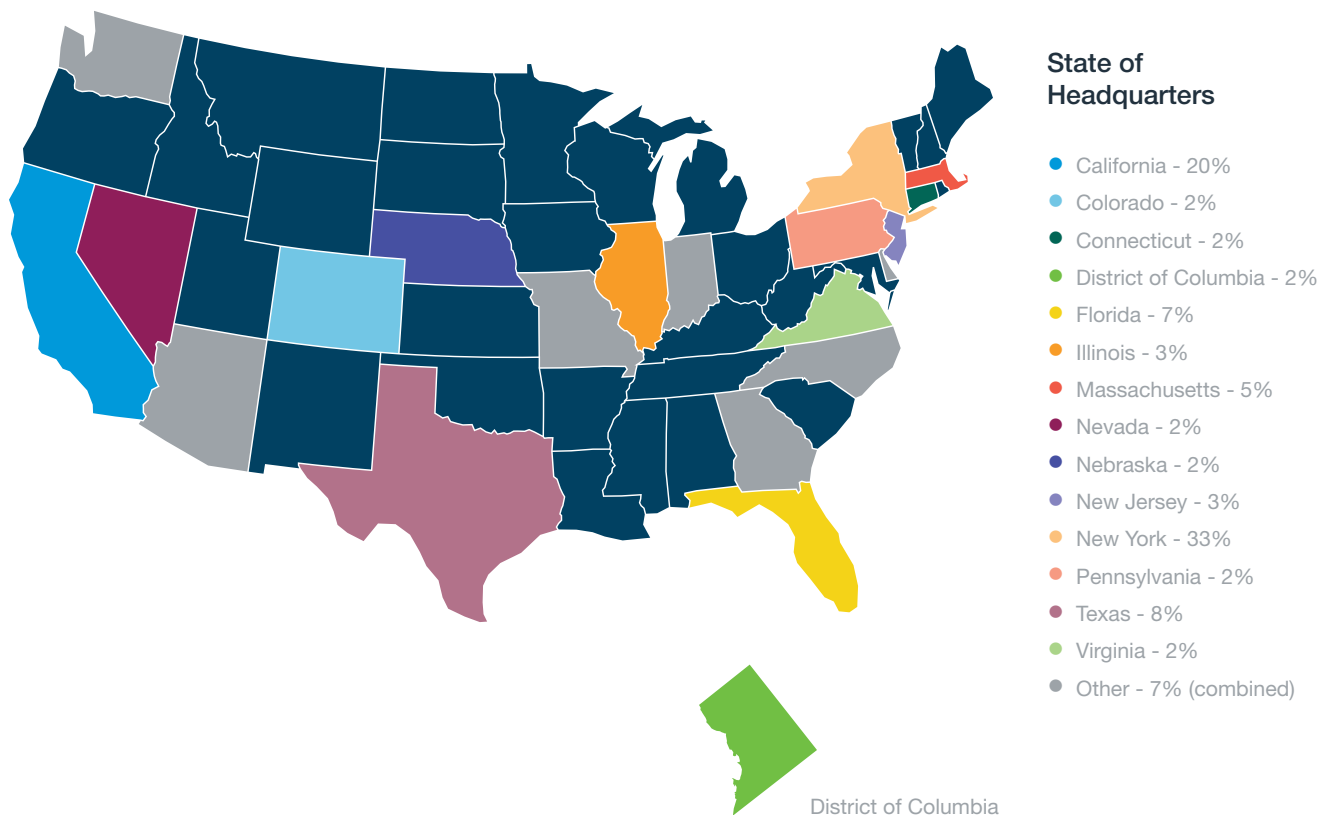
Comparative Deal Sizes

- 2016
- 2017
- 2018
- 2019
- 2020

U.S. Geographic Analysis

64% of the U.S.-based SPACs in our study that priced in 2020 were incorporated in Delaware while 33% were incorporated in the Cayman Islands and 2% were incorporated in the British Virgin Islands and 1% in Nevada.

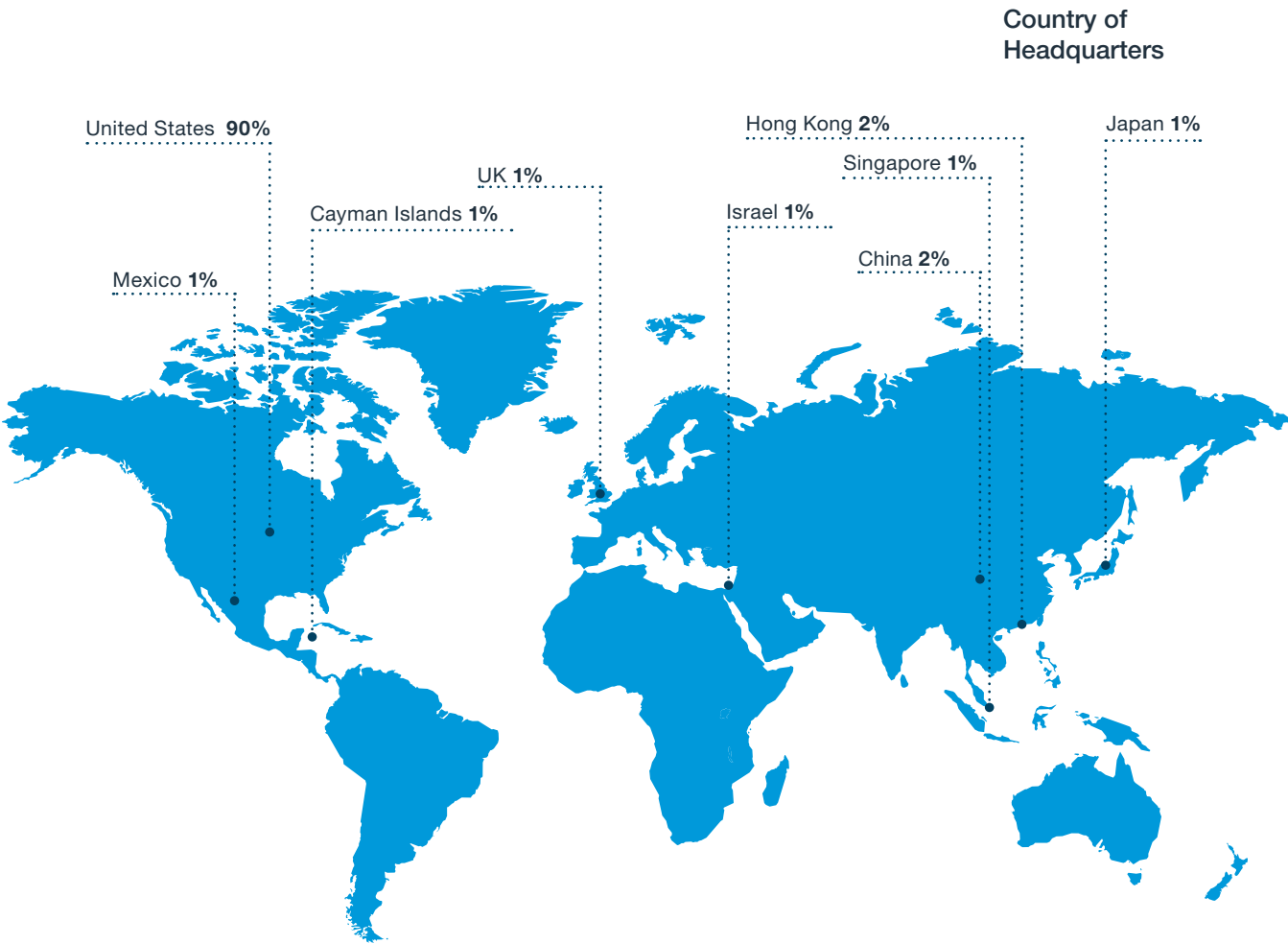
Almost one-third of the U.S.-based SPACs in our study that priced in 2020 were headquartered in New York, followed by California at 20% and Texas at 8%.



Global Geographic Analysis

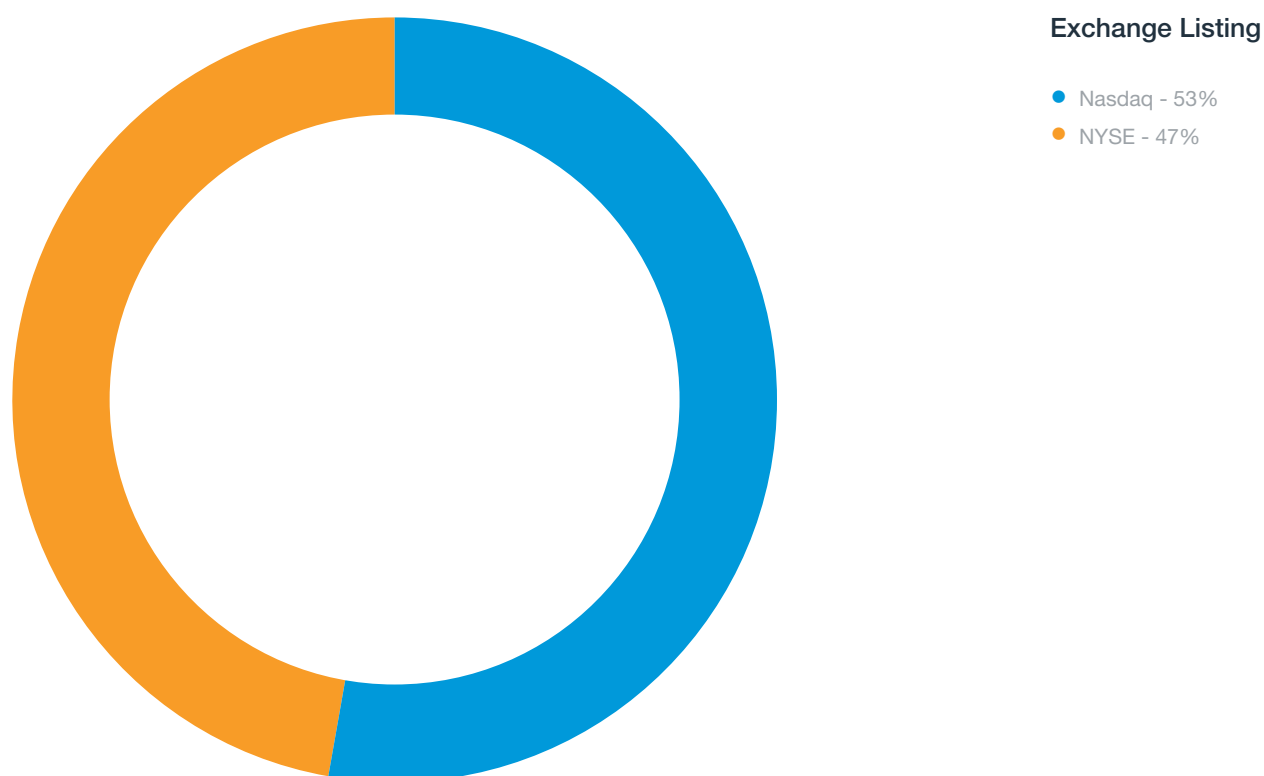
Of the non-U.S.-based SPACs in our study that priced in 2020, 83% were incorporated in the Cayman Islands, 11% were incorporated in the British Virgin Islands, 3% were incorporated in Delaware and 2% were incorporated in the Marshall Islands.

Following the United States at 90%, 2% of SPACs in our study maintained headquarters in each of China, Hong Kong, UK and Cayman Islands.



Securities Exchange

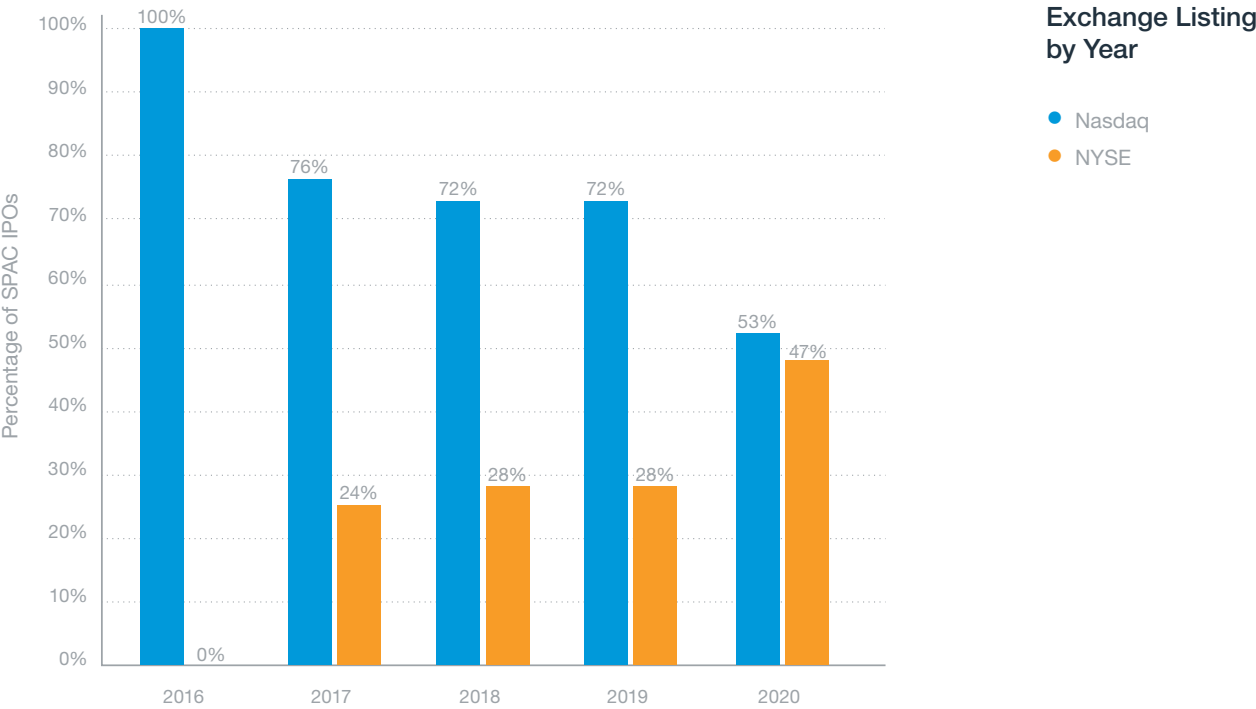
Data presented in the table below represents the total population of 246 SPAC IPOs that priced in 2020 meeting our study criteria and is not limited to the SPAC IPOs reviewed specifically in connection with this study.



Securities Exchange – Deeper Dive

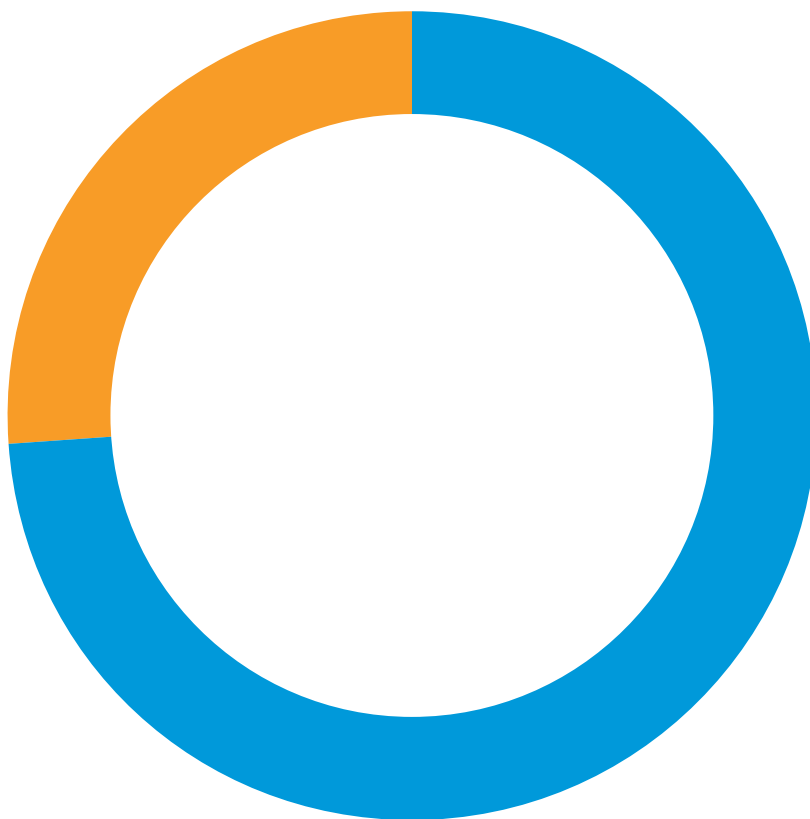
Data presented in the table below represents the total population of 391 SPAC IPOs meeting our study criteria and is not limited to the 204 SPAC IPOs reviewed specifically in connection with this study.

The first NYSE-listed SPAC priced in 2017 after the exchange reduced its requirement for number of round-lot holders from 400 to 300, making it consistent with the Nasdaq Capital Market requirement. To list on the NYSE, a SPAC must have a minimum market value of \$100mm as compared to \$50mm to list on the Nasdaq Capital Market.



Exercise of Over-Allotment Option

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The over-allotment option was exercised in full or in part in 74% of SPAC IPOs in our study that priced in 2020.
.....



**Exercise of
Over-Allotment Option**

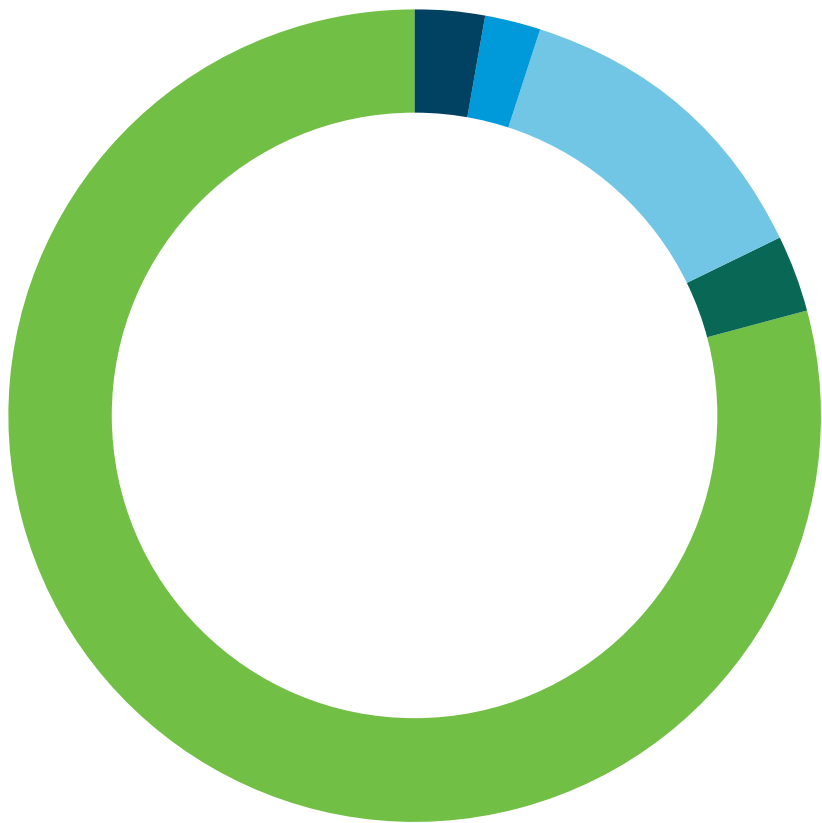
- Yes - 74%
- No - 26%

SPAC Acquisition Period

The SPAC acquisition period signifies the amount of time a SPAC has to complete a business combination before it must liquidate and dissolve. The stock exchanges require that a SPAC complete one or more business combinations within three years after its IPO.

In the significant majority of SPACs, the SPAC acquisition period is tied to the date a business combination closes. In a minority of SPACs, it is instead tied to the date the agreement for the business combination is signed.

79% of the SPACs in our study that priced in 2020 had an acquisition period of 24 months, followed by 18 months at 13%.

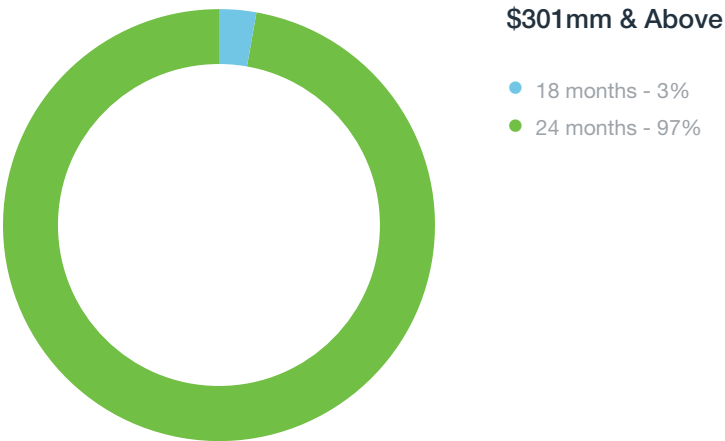
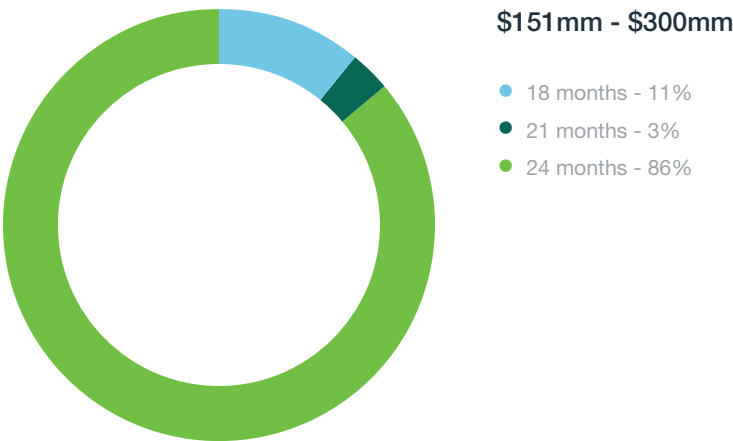
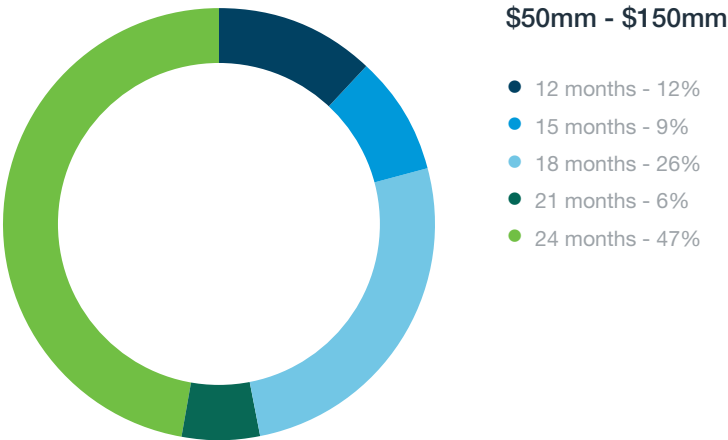


SPAC Acquisition Period

- 12 months - 3%
- 15 months - 2%
- 18 months - 13%
- 21 months - 3%
- 24 months - 79%

SPAC Acquisition Period – Deeper Dive

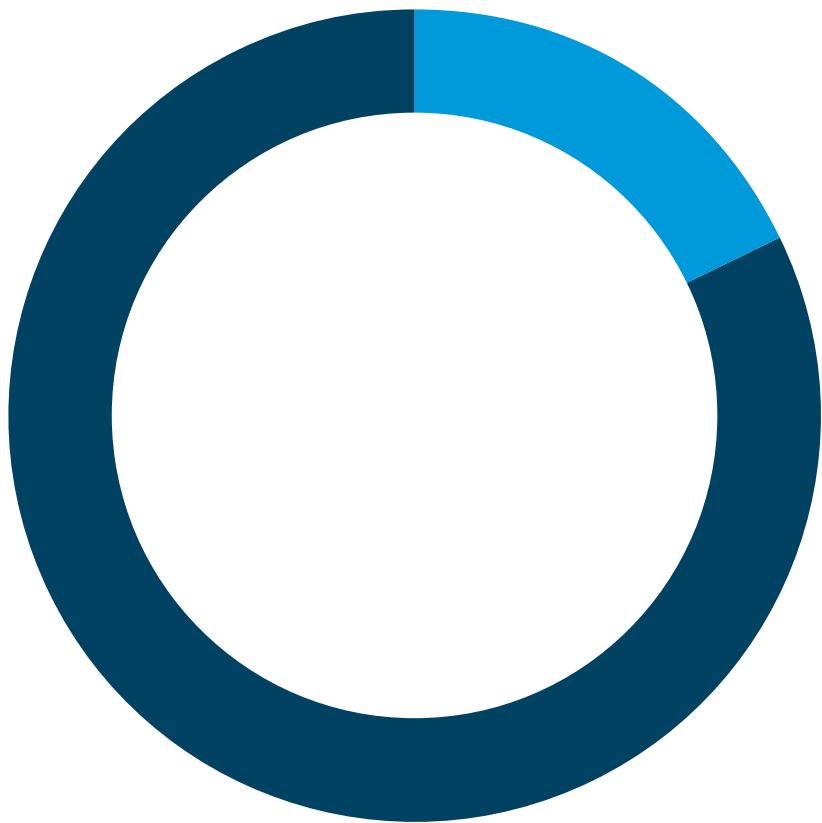
Acquisition periods varied significantly more among SPACs in our study that priced in 2020 with deal sizes of between \$50mm and \$150mm. All of the SPACs in our study with deal sizes of \$301mm and above had an acquisition period of 18 or 24 months.



SPAC Acquisition Period – Automatic Extensions

In some cases, the life of a SPAC may be automatically extended upon contribution of additional capital into the trust account.

18% of the SPACs in our study that priced in 2020 included a mechanism for automatic extension of the acquisition period before the SPAC was required to liquidate and dissolve. In each such case, the initial acquisition period was 24 months or less.



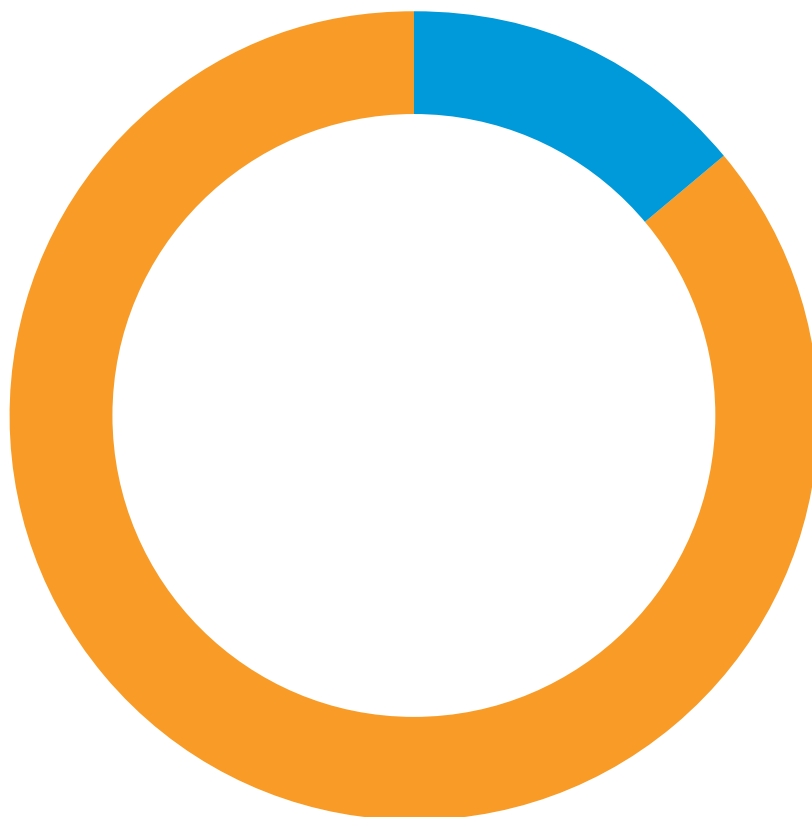
Automatic Extensions

- Yes - 18%
- No - 82%

Dual-Class Structures

Typically in a dual-class structure, founder shares are automatically converted upon the closing of the initial business combination into shares in the surviving public company.

86% of SPAC IPOs in our study that priced in 2020 had dual-class structures.



Percentage of Dual-Class Structures

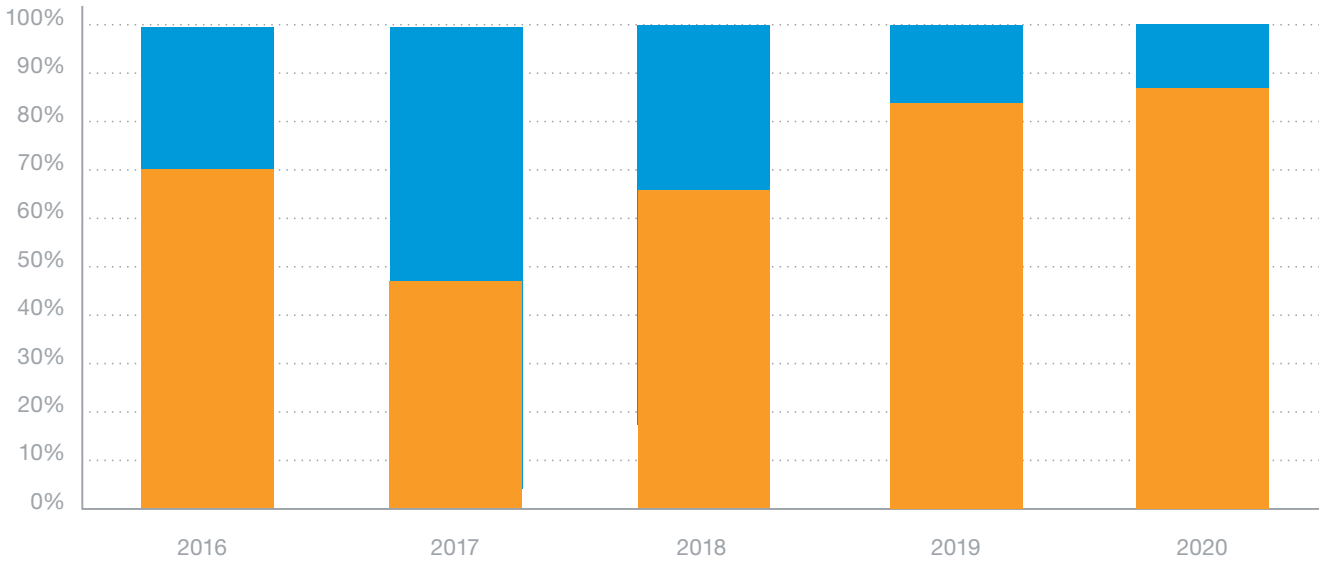
- Single-Class - 14%
- Dual-Class - 86%

Dual-Class Structures – Deeper Dive

.....
In all periods except 2017,
the majority of SPAC IPOs
in our study had a dual-
class structure.
.....

Percentage of IPOs
by Year

- Single-Class
- Dual-Class



IPO Units – Public Warrants

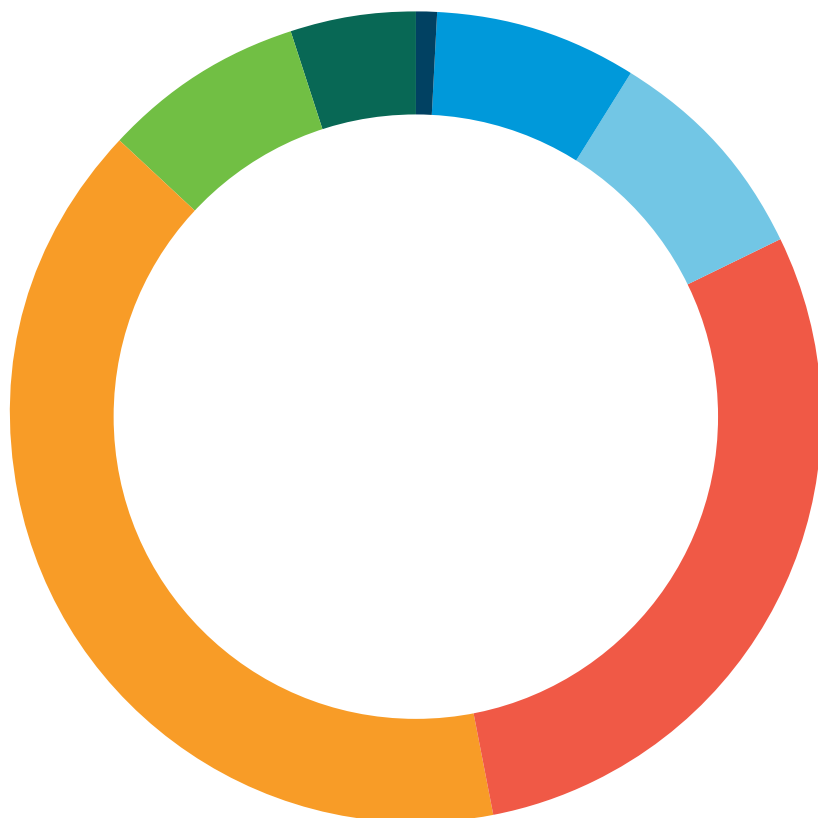
Units offered in SPAC IPOs are typically comprised of one share of common stock and a warrant to purchase one-third, one-half or one full share of common stock, exercisable on a whole-warrant basis at \$11.50 per share. While only the units begin trading immediately following the IPO, the securities comprising the unit separate for individual trading within 52 days thereafter. The public warrants typically become exercisable on the later of 12 months following the closing of the IPO and 30 days following the consummation of a business combination. They typically expire five years following the business combination and may be subject to other redemption and exercise conditions based on stock price targets set by the SPAC.

.....
In 40% of the SPAC IPOs in our study that priced in 2020, the IPO unit included a warrant to purchase one-half of one share of common stock.
.....

.....
Prior to 2020 very few SPACs did not include a warrant. 5% of the SPAC IPOs in our study that priced in 2020 did not include a warrant.
.....

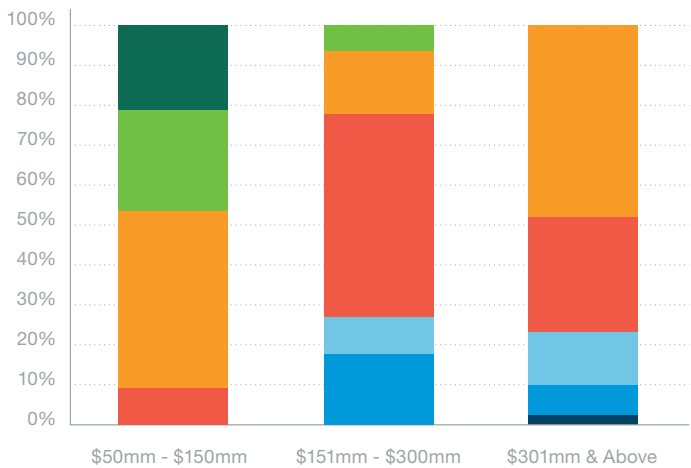
Warrants Included in IPO Unit

- 1/9 - 1%
- 1/5 - 8%
- 1/4 - 9%
- 1/3 - 29%
- 1/2 - 40%
- Full - 8%
- None - 5%



IPO Units – Public Warrants – Deeper Dive

All of the SPAC IPOs in our study that priced in 2020 and included a warrant to purchase one-quarter of one share of common stock had a deal size of \$151mm and above. Full warrants were only present in deal sizes below \$300mm.



Warrants Included in
IPO Unit

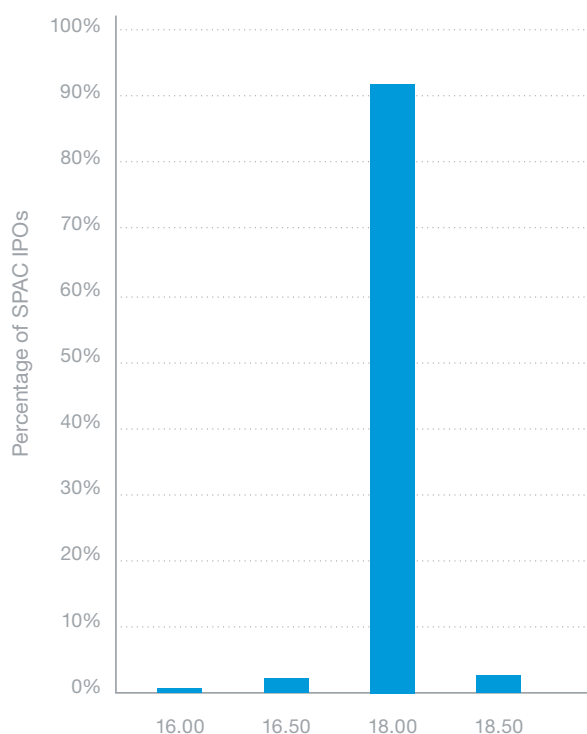
- 1/9
- 1/5
- 1/4
- 1/3
- 1/2
- Full
- None

IPO Units – Public Warrants – Deeper Dive*

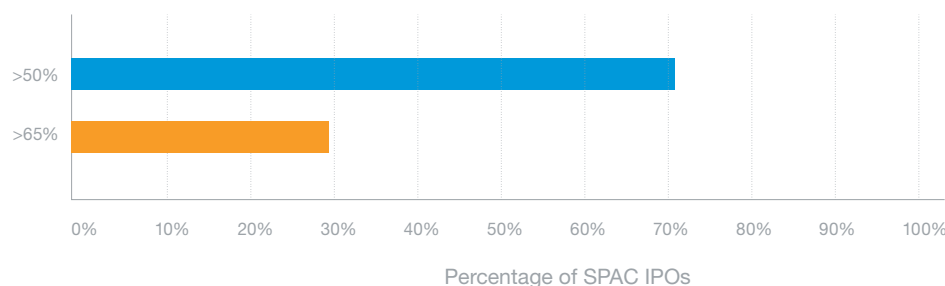
Once the warrants become exercisable, the SPAC may typically redeem them at a price of \$0.01 per warrant, upon a minimum of 30 days' prior written notice if the common stock exceeds a certain price per share for any 20 trading days within a 30-trading day period.

In 93% of SPAC IPOs in our study that priced in 2020, the threshold warrant redemption price was \$18.00 per share.

73% of the SPACs in our study that priced in 2020 required approval of holders of at least 50% of the then outstanding public warrants to amend the terms of such warrants. 27% required approval of holders of at least 65%.



Public Warrants
Redemption Price



Percentage of Holders
Required to Amend
Public Warrants

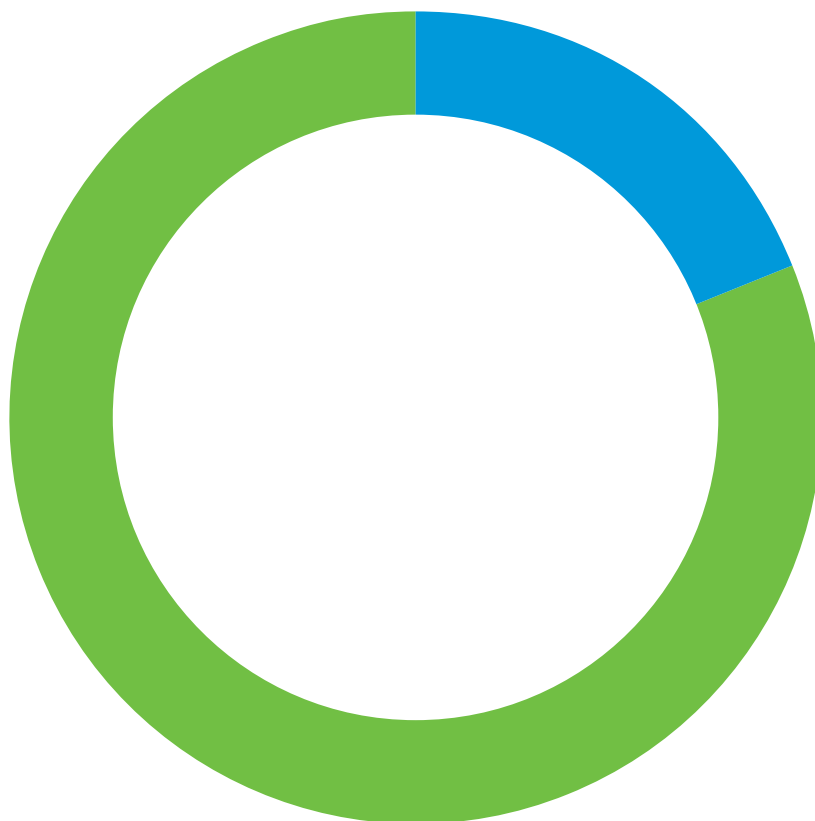
- >50%
- >65%

*Excludes seven SPACs in which the IPO unit did not include a warrant.

Forward Purchase Contracts

In addition to proceeds raised in the IPO, some SPACs enter into forward purchase contracts in order to secure additional capital for the future business combination. SPACs may enter into forward purchase contracts with an affiliate of their sponsor or another institutional investor.

19% of the SPAC IPOs in our study that priced in 2020 disclosed the existence of a forward purchase contract.

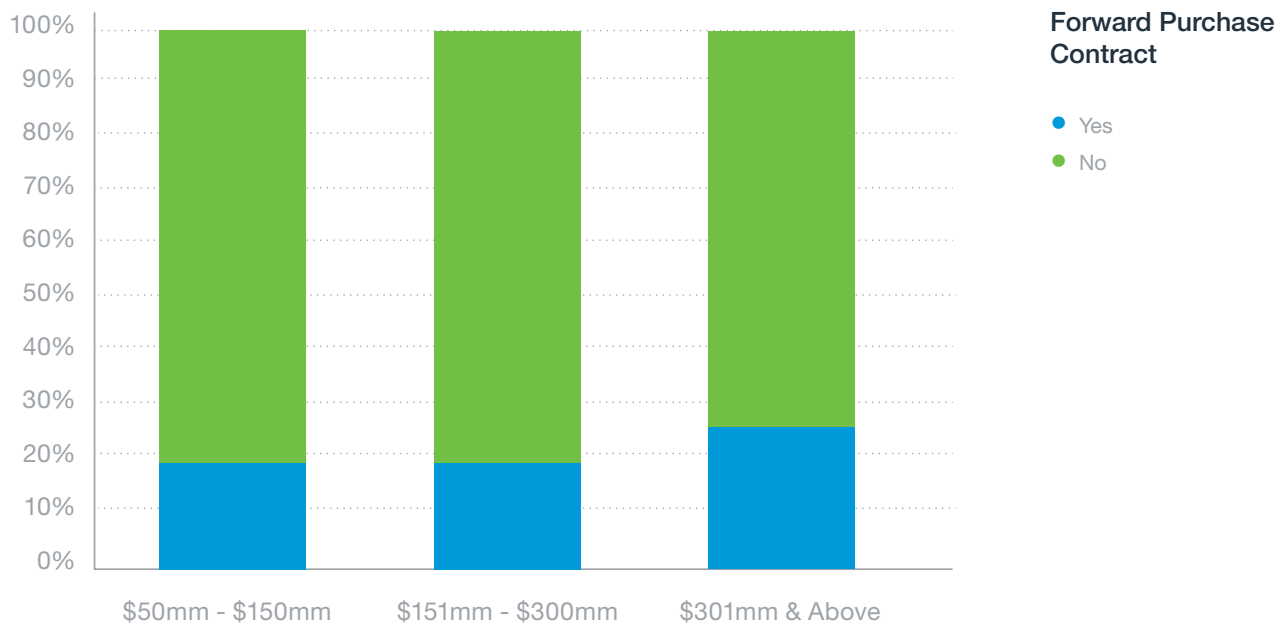


Forward Purchase Contract

- Yes - 19%
- No - 81%

Forward Purchase Contracts – Deeper Dive

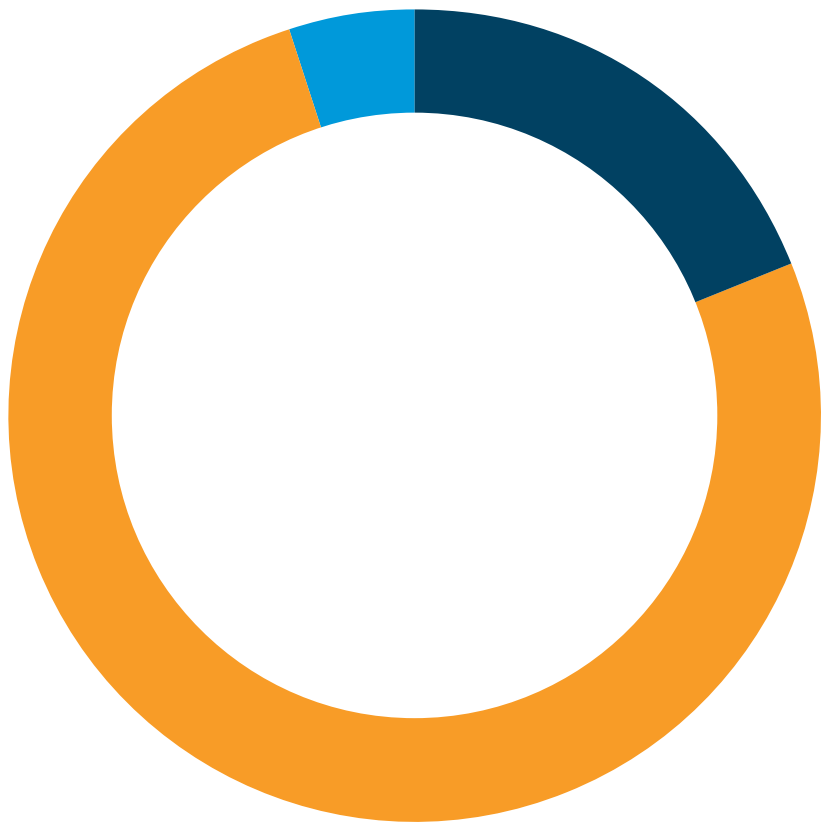
The larger the deal size of the SPAC IPOs in our study that priced in 2020, the more frequently a forward purchase contract was disclosed.



At-Risk Capital – Concurrent Private Placement

In addition to purchasing founder shares for nominal consideration, the SPAC sponsor and other insiders will also often purchase units (consisting of one common share and warrant or fraction thereof) or warrants in a private placement concurrently with the IPO. Typically, the proceeds of the concurrent private placement funds the “up-front” portion of the underwriting discount, plus estimated IPO offering expenses and working capital.

76% of the SPACs in our study that priced in 2020 offered warrants in the concurrent private placement, while 19% offered units and 5% common shares.

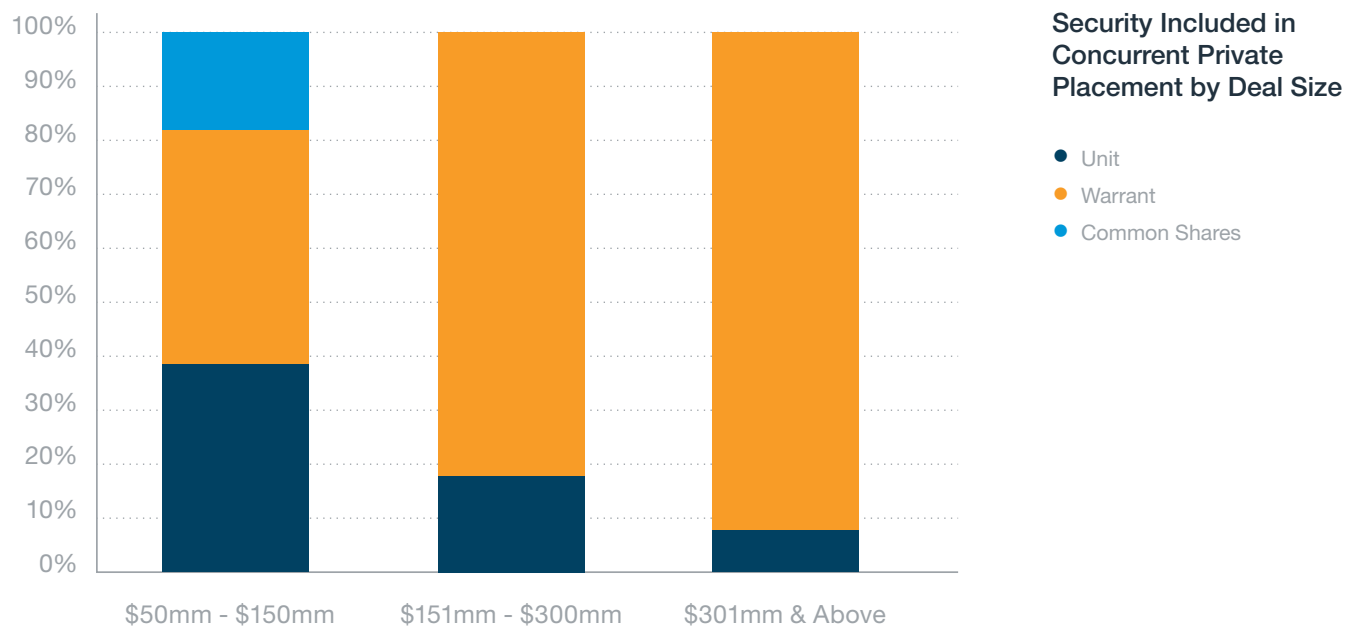


Security Included in Concurrent Private Placement

- Unit - 19%
- Warrant - 76%
- Common Shares - 5%

At-Risk Capital – Concurrent Private Placement – Deeper Dive

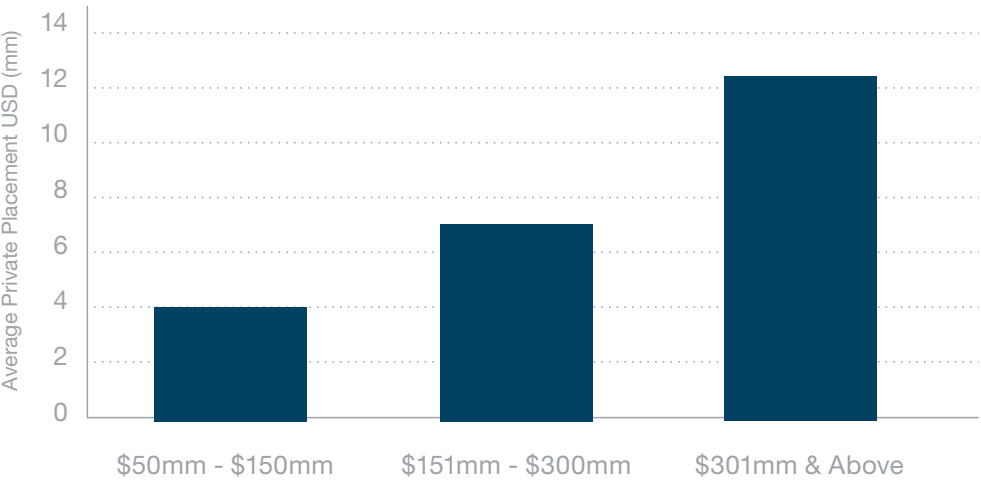
Units were much more commonly issued in private placements alongside SPAC IPOs that priced in 2020 with deal sizes of between \$50mm and \$150mm.



At-Risk Capital – Concurrent Private Placement – Deeper Dive

The average at-risk capital for all SPAC IPOs in our study that priced in 2020 was \$7.9mm and the median was \$7.1mm.

Average size of concurrent private placements increased proportionally with deal size.

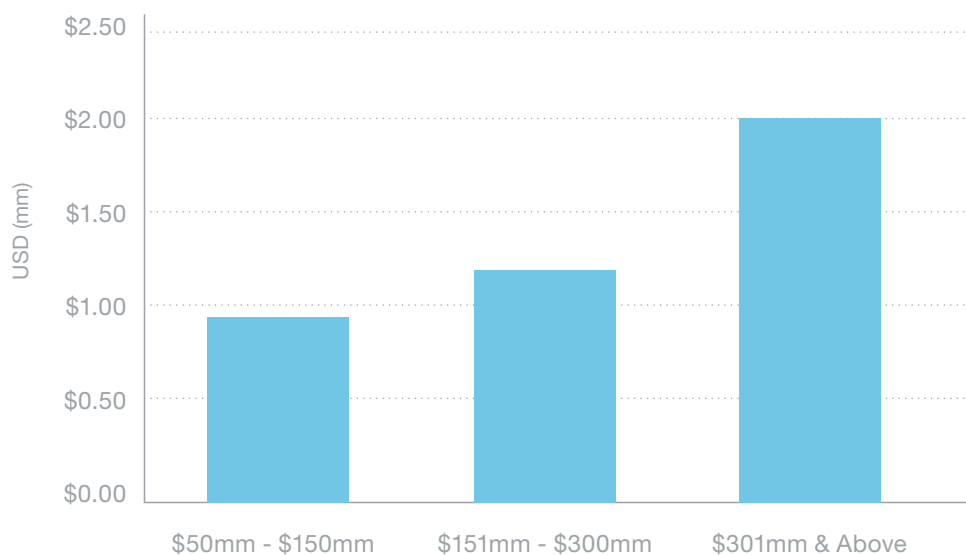


Average Size of Concurrent Private Placement

Trust Accounts – Amounts Held Outside of Trust

Substantially all of SPAC IPO proceeds are placed in a trust account until they are used to finance a business combination or redeem public shares issued in the IPO. SPACs keep a limited amount of capital outside of the trust account to pay operating expenses, including expenses associated with identifying and completing a business combination.

On average, the SPACs in our study that priced in 2020 held \$1.4mm outside of the trust immediately following the IPO and concurrent private placement, representing approximately .4%, on average, as a percentage of deal size. Generally, the larger the SPAC IPO, the greater amount of funds held outside of the trust.



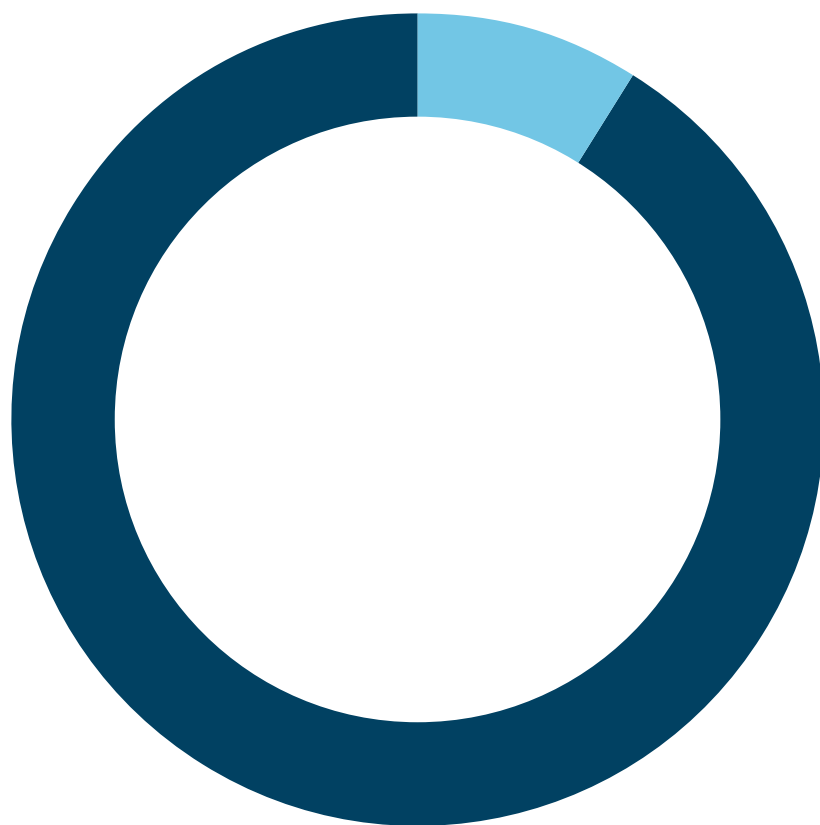
Average Amount Held Outside Trust for Working Capital

Trust Accounts – Use of Interest

Most SPACs provide that interest on the funds held in the trust account be used only for the payment of taxes. In some cases, however, interest may also be used to fund working capital expenses.

In 91% of the SPAC IPOs in our study that priced in 2020, trust interest could be used only to pay taxes. In 9%, trust interest could also be used for working capital.

Our data shows that the ability to use trust interest for working capital became progressively less common between 2016 and 2019, with a slight uptick in SPAC IPOs priced in 2020.

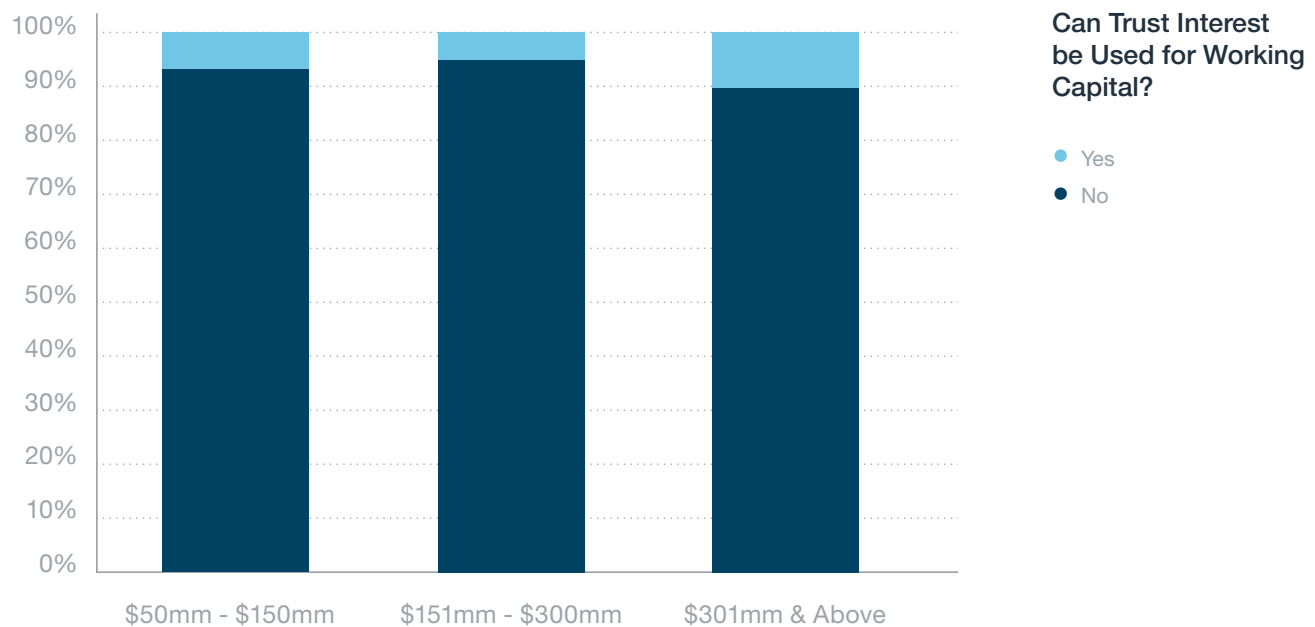


Can Trust Interest be Used for Working Capital?

- Yes - 9%
- No - 91%

Trust Accounts – Use of Interest Deeper Dive

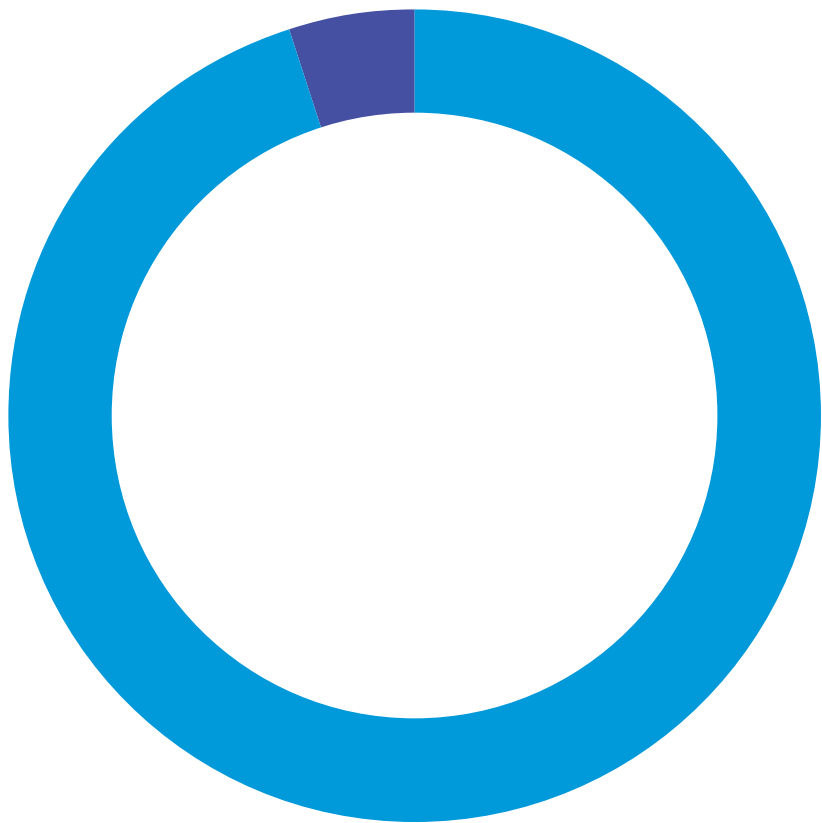
Among SPAC IPOs that priced in 2020 with deal sizes of \$301mm and above, the ability to use trust interest for working capital was more common at 10%.



Bulldog Provision

Some SPACs have charter provisions limiting how much of any one stockholder’s position may be converted into cash if such holder votes against a business combination. These conversion limitations, known as “bulldog provisions,” prevent a public stockholder, together with an affiliate or any person with whom such stockholder is acting in concert or as a group, from converting more than a designated percentage of the public shares sold in the IPO.

95% of the SPACs in our study that priced in 2020 included a bulldog provision in their charter.

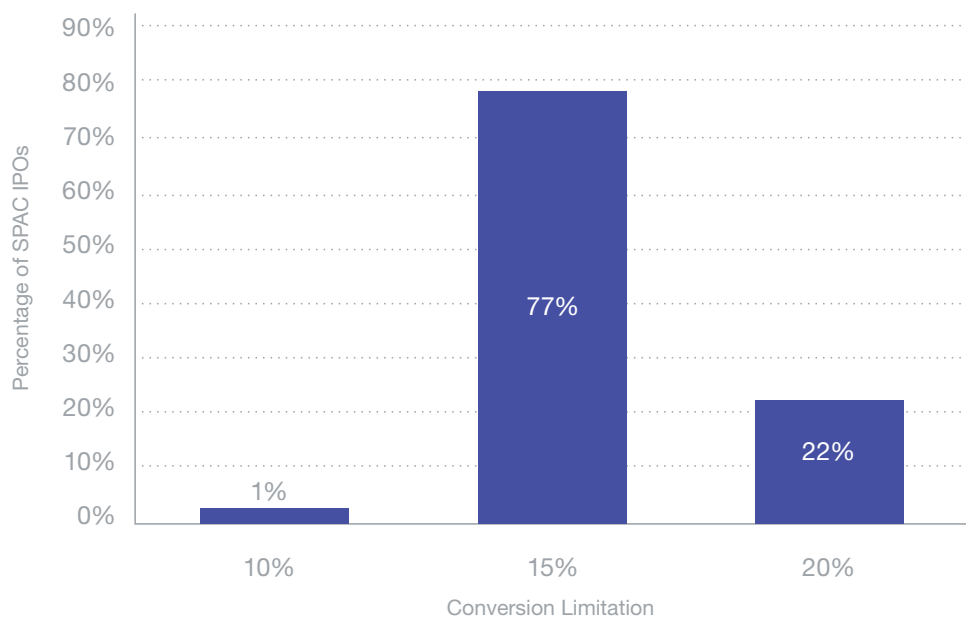


Bulldog Provision Included

- Yes - 95%
- No - 5%

Bulldog Provision – Deeper Dive*

Of the SPACs in our study that priced in 2020 and included a bulldog provision in their charter, 77% limited conversion of greater than 15% of the shares sold in the IPO, and 22% limited conversion of greater than 20% of the shares sold in the IPO.

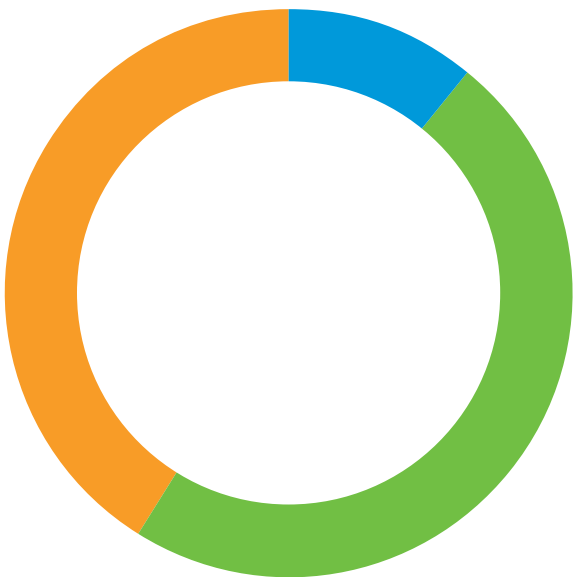


Bulldog Provision Included

*Percentages exclude SPACs whose charters did not include a bulldog provision.

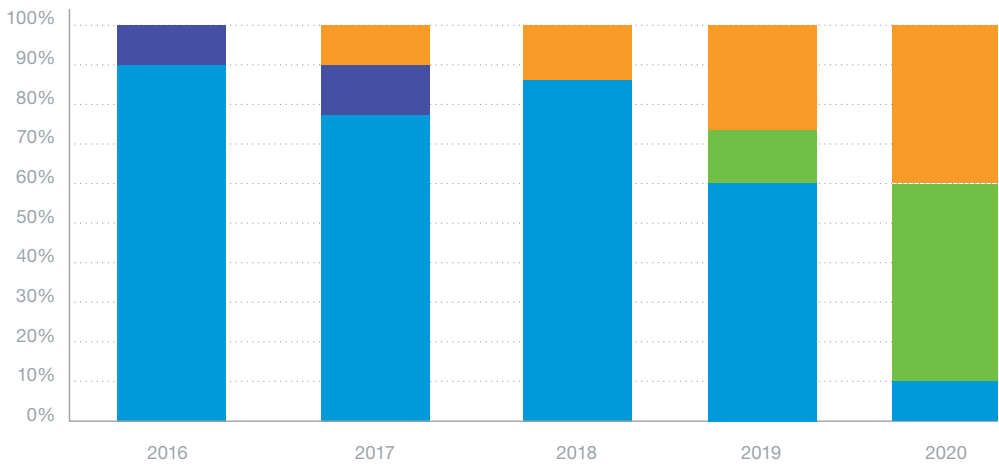
Business Combinations – Status of Initial Business Combination

The majority of SPACs in our study that priced from 2016 – 2019 have completed an initial business combination. About half of SPACs that priced in 2020 are still looking for a target.



SPAC IPOs Completed Business Combinations

- Yes - 11%
- No - 48%
Looking for a target
- No - 41%
Announced an acquisition

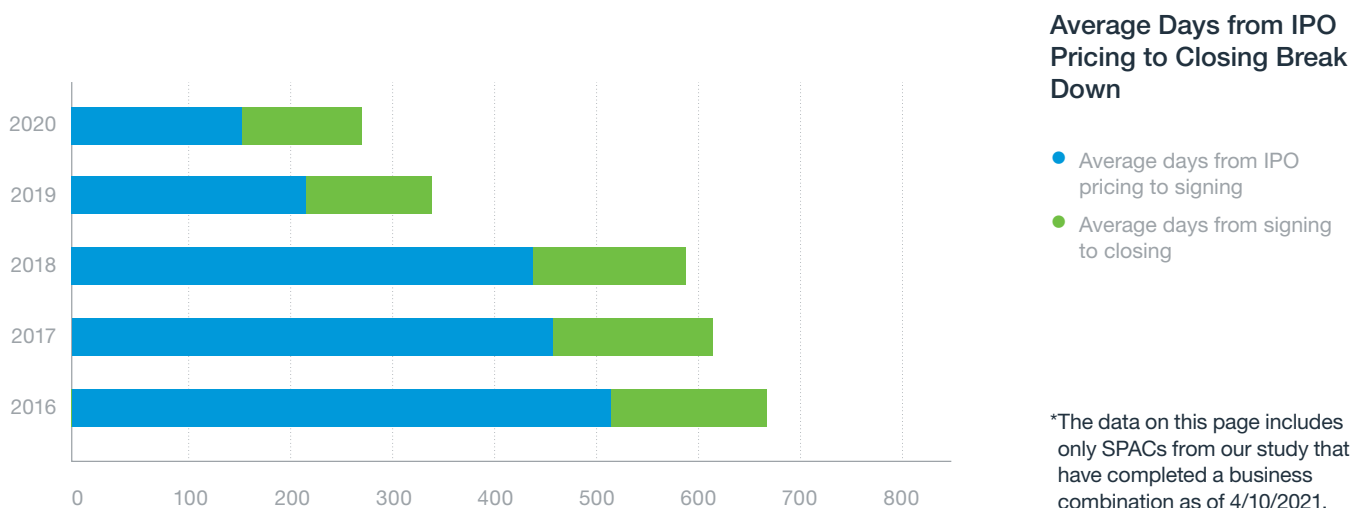


SPAC IPOs Completed Business Combinations

- Yes
- No - Looking for a target
- No - Announced an acquisition
- No - Liquidated/Dissolved

Business Combinations – Time to Signing and Closing of Initial Business Combination*

The average number of days it took for a SPAC to sign an agreement for its initial business combination in 2020 was 159. It then took, on average in 2020, an additional 106 days to close the initial business combination.



Business Combinations – Announced Pro Forma Enterprise Value*

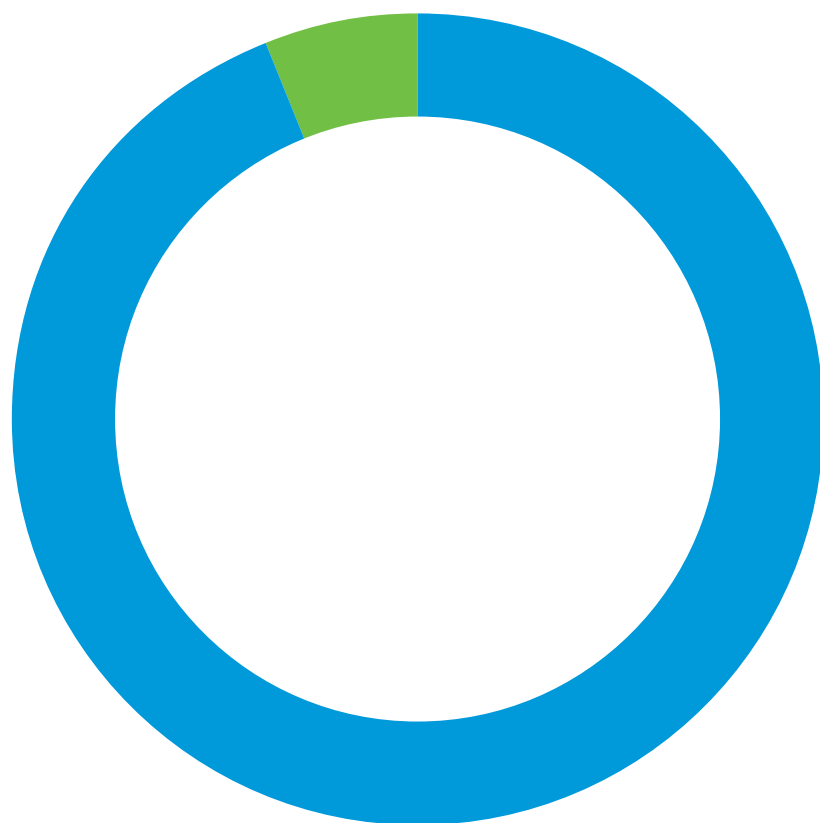
The average announced pro forma enterprise value of the post-business combination company in our study was \$2.9 billion. This represents a ratio of 11 to the average deal size of \$322mm for SPAC IPOs in our study that priced in 2020 and completed a business combination.



*The data on this page includes only SPACs from our study that have completed a business combination as of 4/10/2021.

Business Combinations – PIPE at Closing of Business Combination*

Approximately 94% of the 2020 SPACs in our study that priced in 2020 and completed initial business combinations raised additional equity financing in the form of a PIPE (private investment in public equity) concurrently with the closing of the business combination. This is a substantial increase from approximately two-thirds during 2016 through 2019.



PIPE at Closing of Business Combination

- Yes - 94%
- No - 6%

*The data on this page includes only SPACs from our study that have completed a business combination as of 4/10/2021.

*For purposes of the chart above, sponsor or other third-party backstop commitments or arrangements to purchase already outstanding SPAC shares are not counted as PIPEs.

The Proskauer Capital Markets Group

Our Capital Markets Group includes more than 45 lawyers across the globe.

We regularly represent sponsors, underwriters, and investors in a variety of complex SPAC transactions where we leverage our capabilities and experience across practices, including M&A and Tax, to handle the difficult issues that present themselves in SPAC matters. In particular, our clients turn to us for our ability to lead the market in innovation and financial structuring, the depth of our global team and our creative thought leadership.

Beyond SPACs, we represent bulge bracket, middle-market and boutique investment banks, as well as public and private companies of all sizes and industries around the world, in a wide variety of public, Rule 144A, Regulation S, and private debt and equity transactions. We are results-oriented transaction advisors who know the capital markets. We execute straightforward matters as well as any firm, but our ability to handle complex, high-profile matters that require bespoke solutions sets us apart. Our capital markets engagements have entailed significant and complicated structuring, disclosure, regulatory and compliance issues, and our lawyers, who include former SEC, FINRA and stock exchange officials, provide invaluable insight into the regulatory process. We are also accustomed to guiding our clients through the scrutiny of high-profile matters that receive significant attention in the press or financial and investment communities and among our clients' major business partners and competitors.

Areas of Focus

SPACs

High-Yield and other Debt Capital Markets

Equity Capital Markets

Leveraged Finance

Alternative Capital Finance

Equity-Linked Securities

Real Estate Securities

Tender and Exchange Offers

Public Company Representation

BDCs

Broker-Dealer Regulation

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We hope you enjoy the Proskauer SPAC IPO Study 2021.

Please contact Daniel Forman or Steven Burwell with any questions on this report.

