

About This Study

We are pleased to present our 2020 SPAC IPO Study, which provides market insight into the resurgence of special purpose acquisition company (SPAC) initial public offerings (IPOs).

We surveyed 95 SPAC IPOs that priced from January 1, 2016 through June 30, 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 17 large SPAC IPOs (with a minimum base deal size of \$301 million), 43 mid-sized SPAC IPOs (with a base deal size of between \$151 million and \$300 million) and 35 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. Approximately two-thirds of the SPAC IPOs in our population were incorporated in one of the several states in the United States and approximately one-third were incorporated in a jurisdiction outside of the United States. Our population is reflective of the total market based on size and geographic region.

Certain data in our study represents the total population of SPAC IPOs meeting our criteria in the overall market during the period covered (177).

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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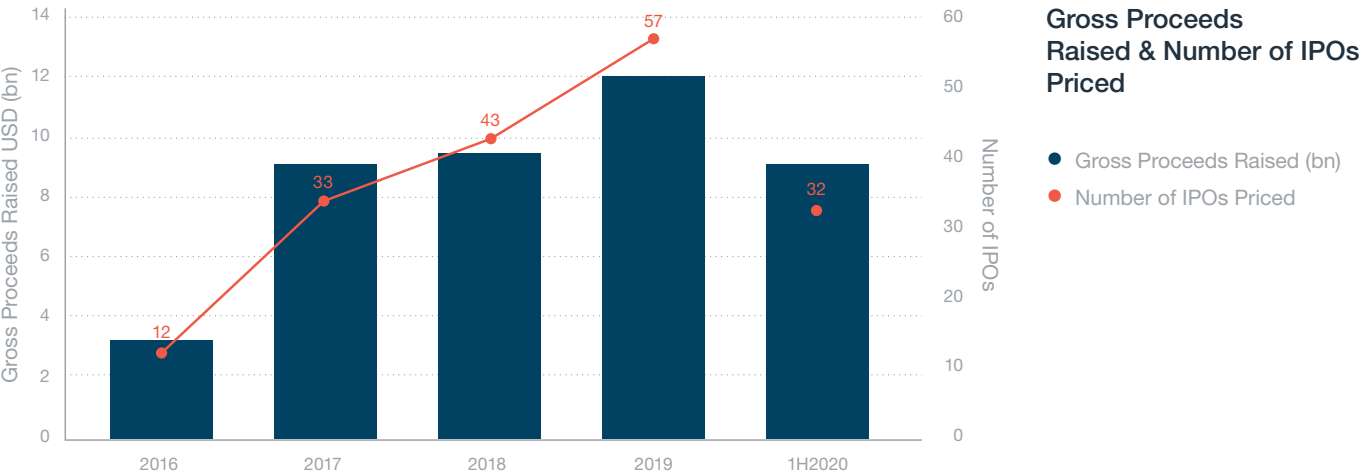
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Market Activity Overview

Data presented in the table below represents the total population of 177 SPAC IPOs meeting our study criteria and is not limited to the 95 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 the first six months of 2020, SPAC IPOs raised gross proceeds of over \$9 billion.

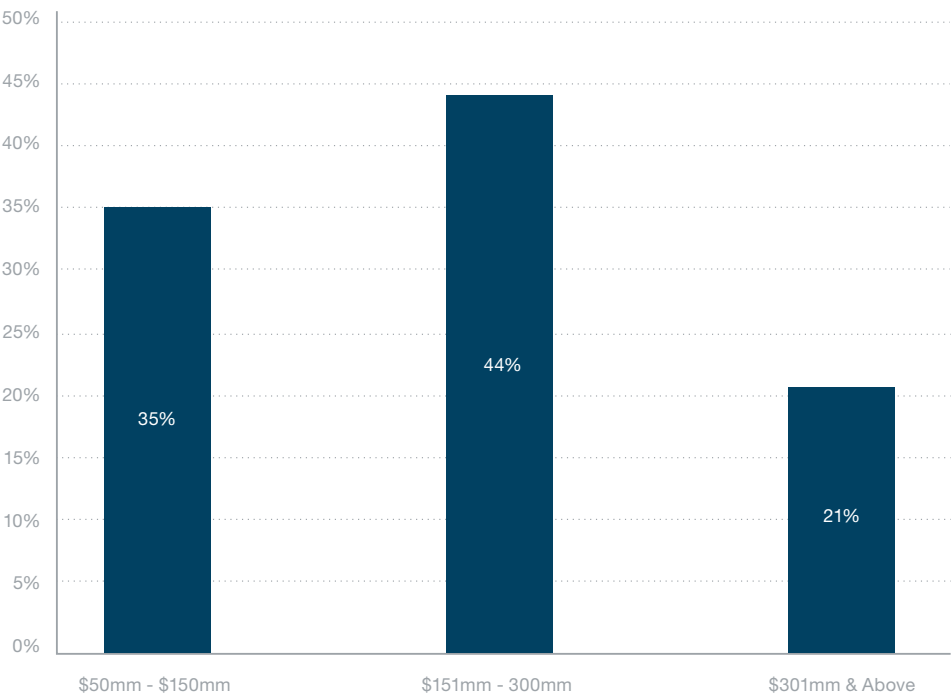


Deal Size

Data presented in the table below represents the total population of 177 SPAC IPOs meeting our study criteria and is not limited to the 95 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 had a deal size of between \$151mm and \$300mm.



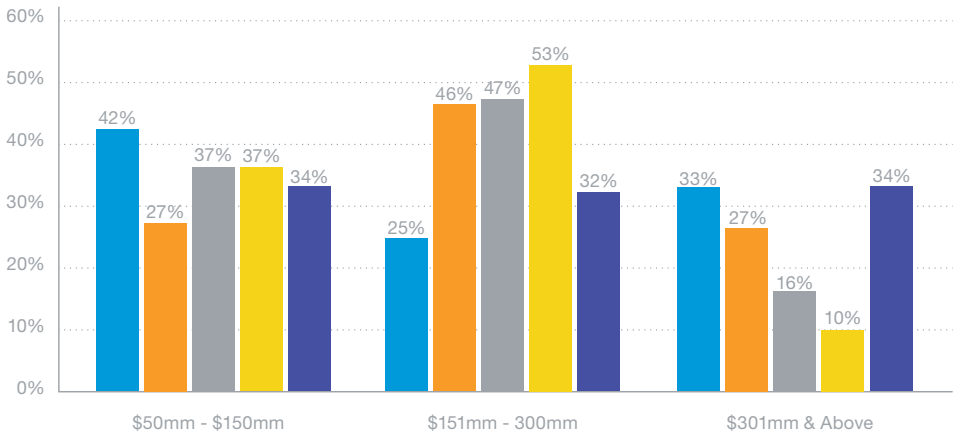
Percentage of Deals Priced in Deal Size Range

Deal Size – Deeper Dive

Data presented in the table below represents the total population of 177 SPAC IPOs meeting our study criteria and is not limited to the 95 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.
In the first six months of 2020, there was a notable uptick in IPOs with deal sizes of greater than \$301mm as a percentage of the total market.



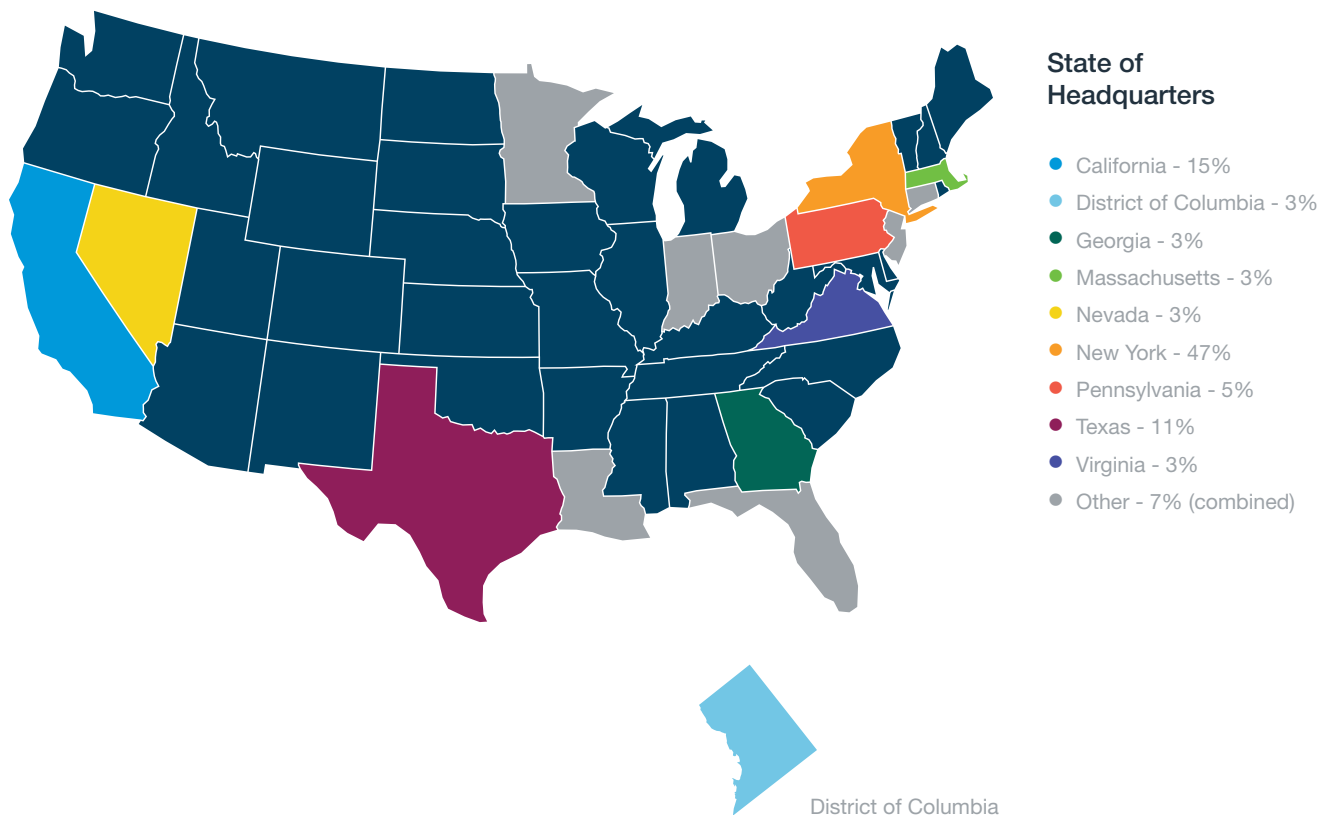
Comparative Deal Sizes

- 2016
- 2017
- 2018
- 2019
- 1H2020

U.S. Geographic Analysis

76% of the U.S.-based SPACs in our study were incorporated in Delaware while 20% were incorporated in the Cayman Islands and 4% were incorporated in the British Virgin Islands.

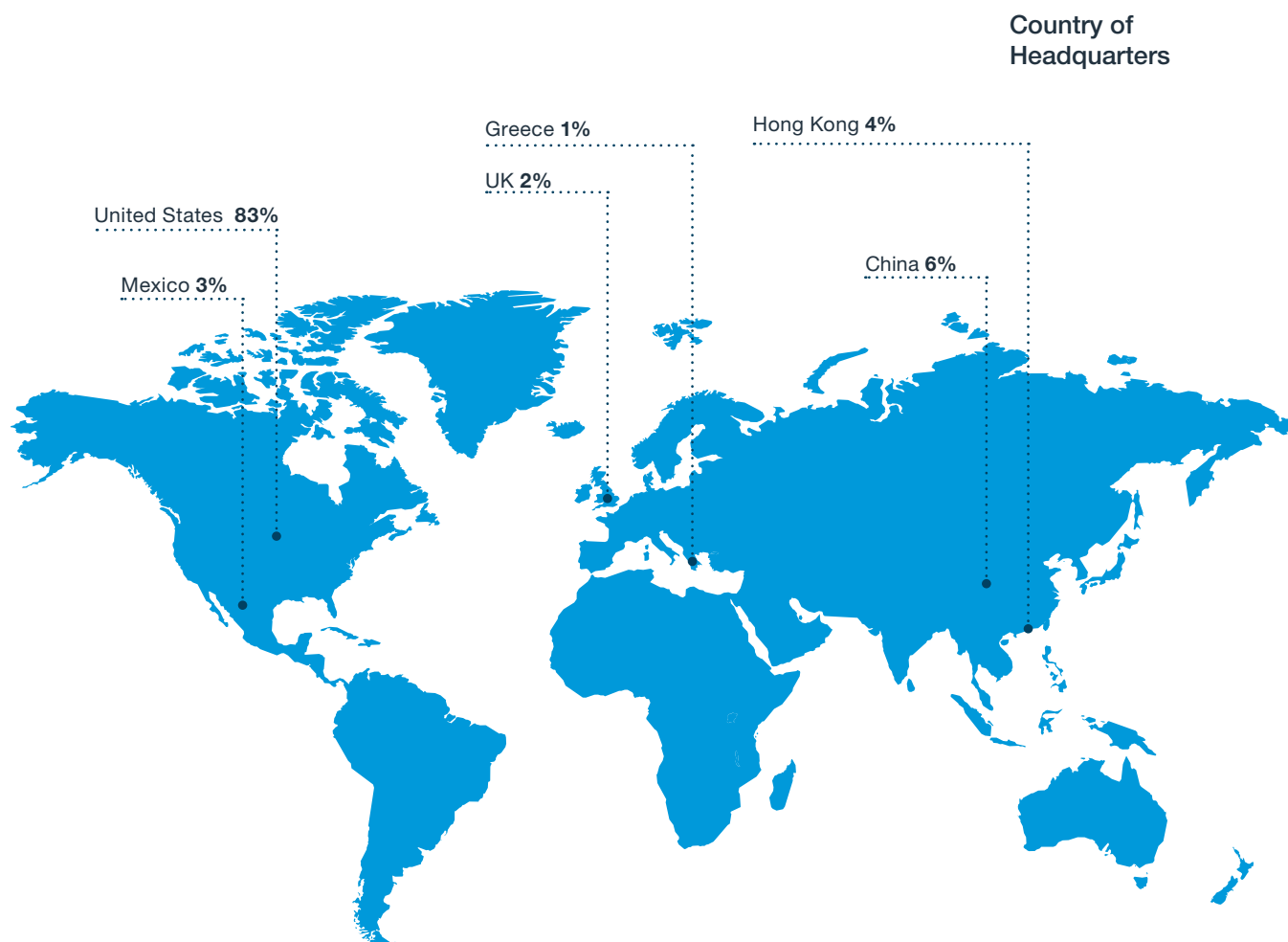
Almost half of the U.S.-based SPACs in our study were headquartered in New York, followed by California at 15% and Texas at 11%.



Global Geographic Analysis

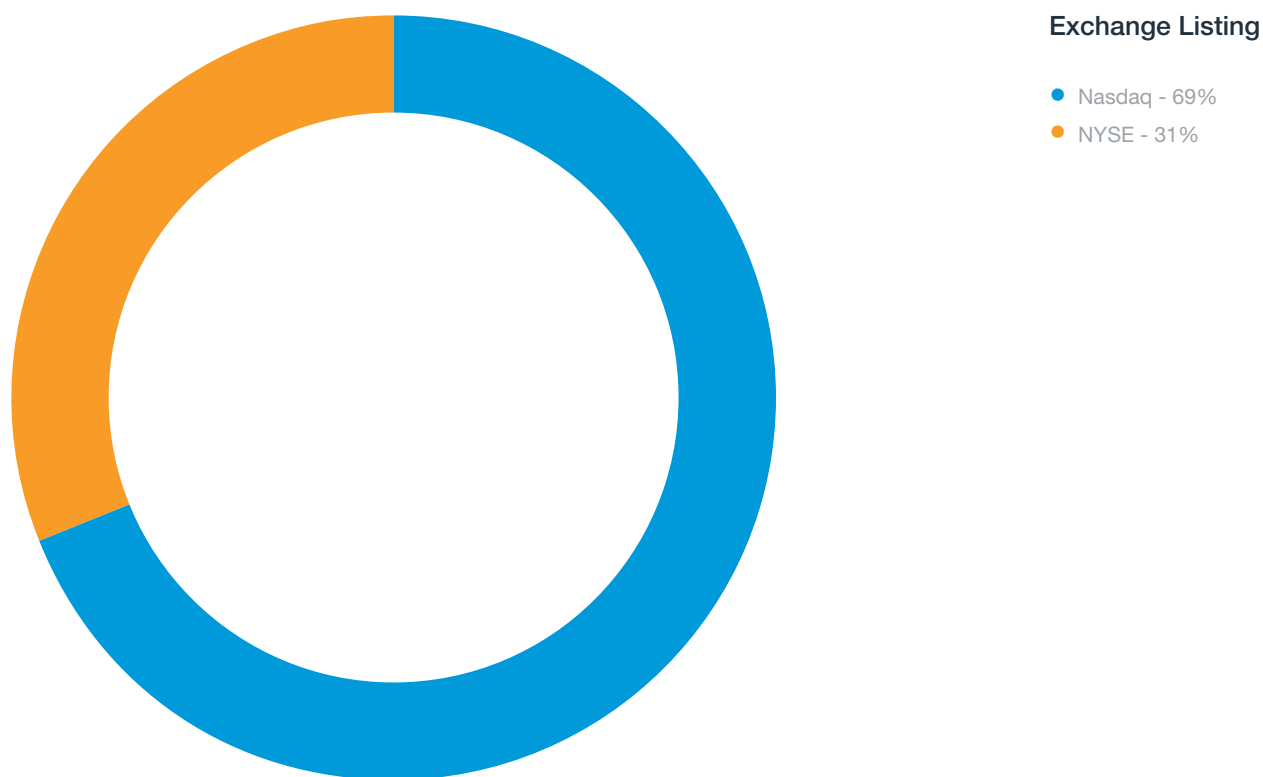
Of the non-U.S.-based SPACs in our study, 44% were incorporated in the Cayman Islands, 25% were incorporated in the British Virgin Islands, 19% were incorporated in Delaware and 13% were incorporated in the Marshall Islands.

Following the United States at 83%, 6% of SPACs in our study maintained headquarters in China, 4% maintained headquarters in Hong Kong, and 3% maintained headquarters in Mexico.



Securities Exchange

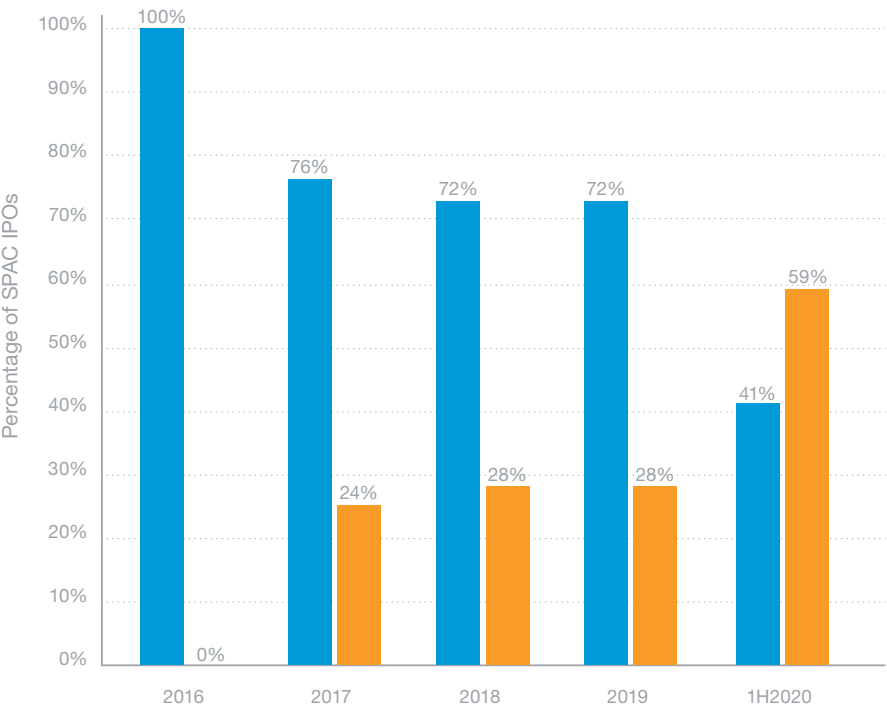
Data presented in the table below represents the total population of 177 SPAC IPOs meeting our study criteria and is not limited to the 95 SPAC IPOs reviewed specifically in connection with this study.



Securities Exchange – Deeper Dive

Data presented in the table below represents the total population of 177 SPAC IPOs meeting our study criteria and is not limited to the 95 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.

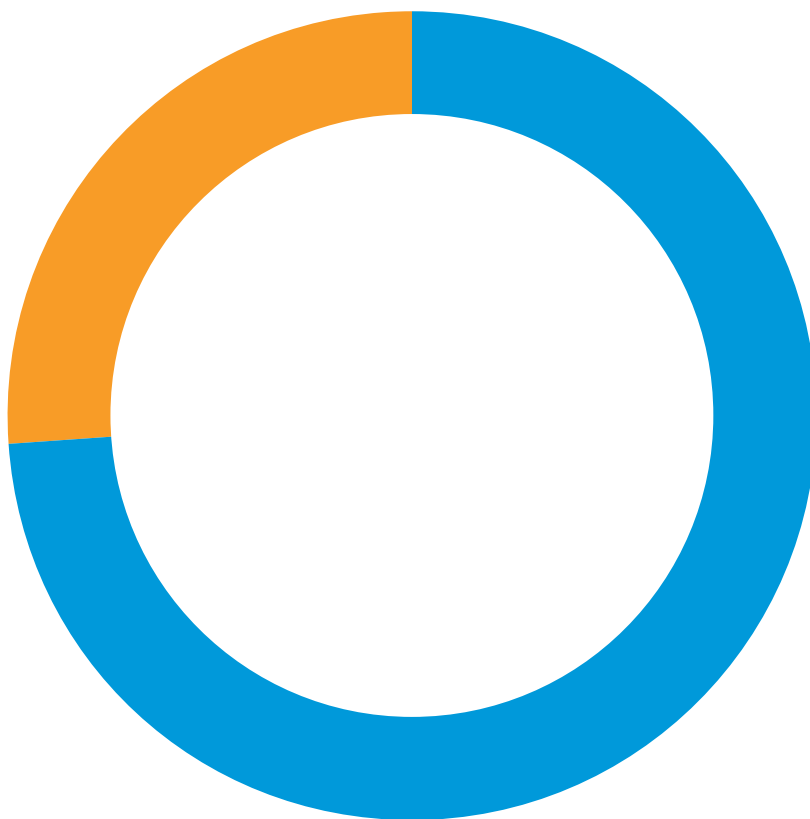


Exchange Listing
by Year

- Nasdaq
- NYSE

Exercise of Over-Allotment Option

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



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.

56% of the SPACs in our study had an acquisition period of 24 months, followed by 18 months at 27%.

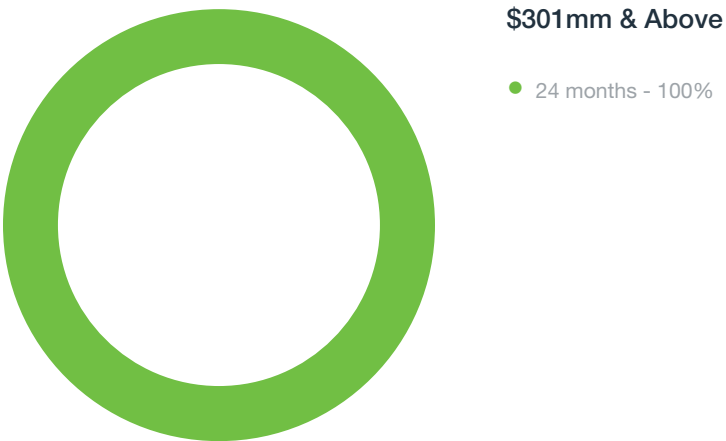
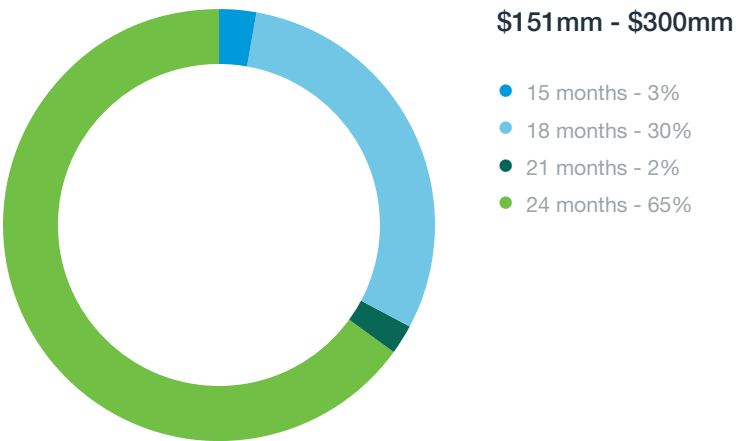
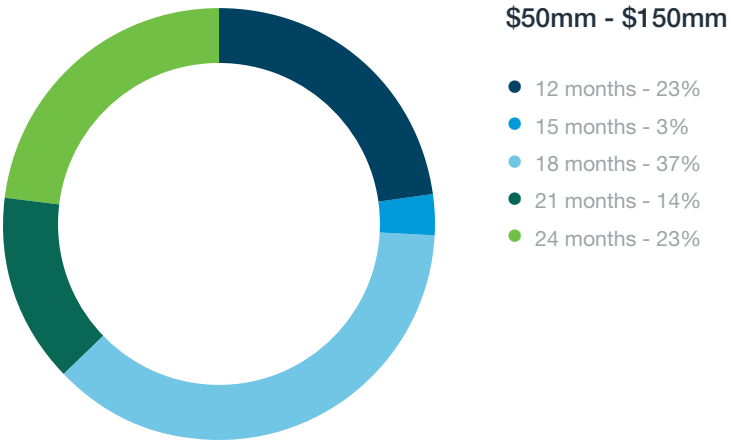


SPAC Acquisition Period

- 12 months - 9%
- 15 months - 2%
- 18 months - 27%
- 21 months - 6%
- 24 months - 56%

SPAC Acquisition Period – Deeper Dive

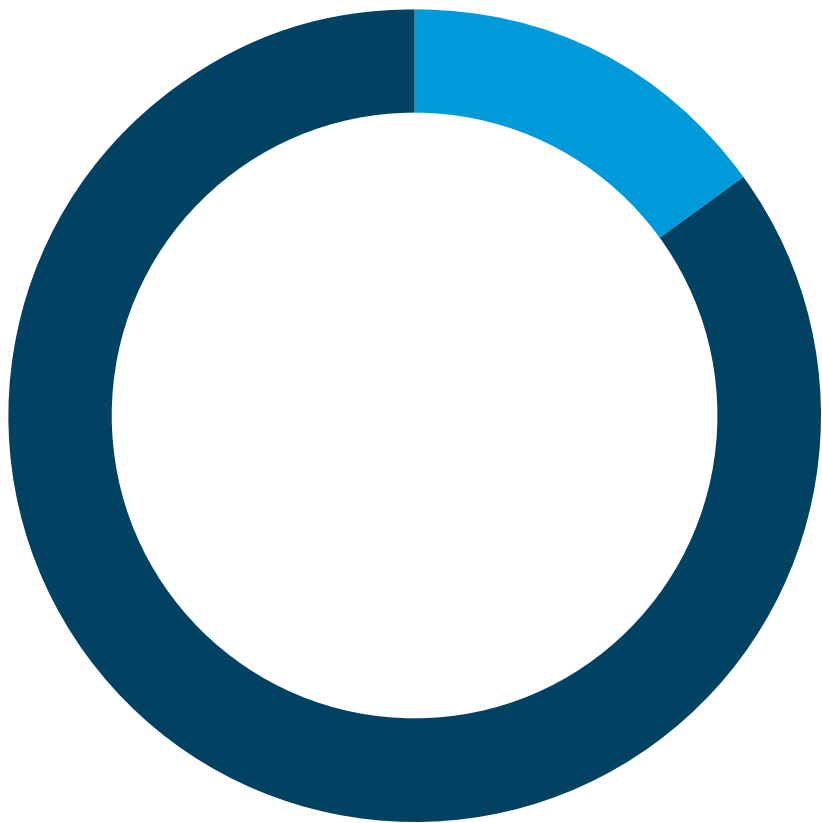
Acquisition periods varied significantly more among SPACs in our study with deal sizes of between \$50mm and \$150mm. All of the SPACs in our study with deal sizes of \$301mm and above had an acquisition period of 24 months.



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.

15% of the SPACs in our study 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 less than 24 months.



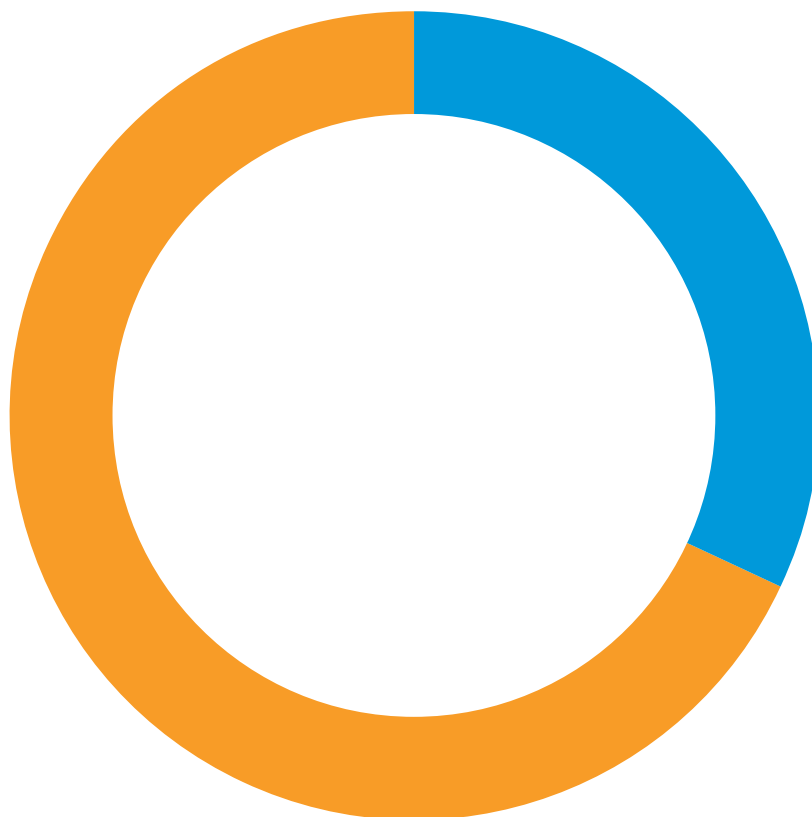
Automatic Extensions

- Yes - 15%
- No - 85%

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.

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68% of SPAC IPOs in
our study had dual-class
structures.
.....



Percentage of
Dual-Class Structures

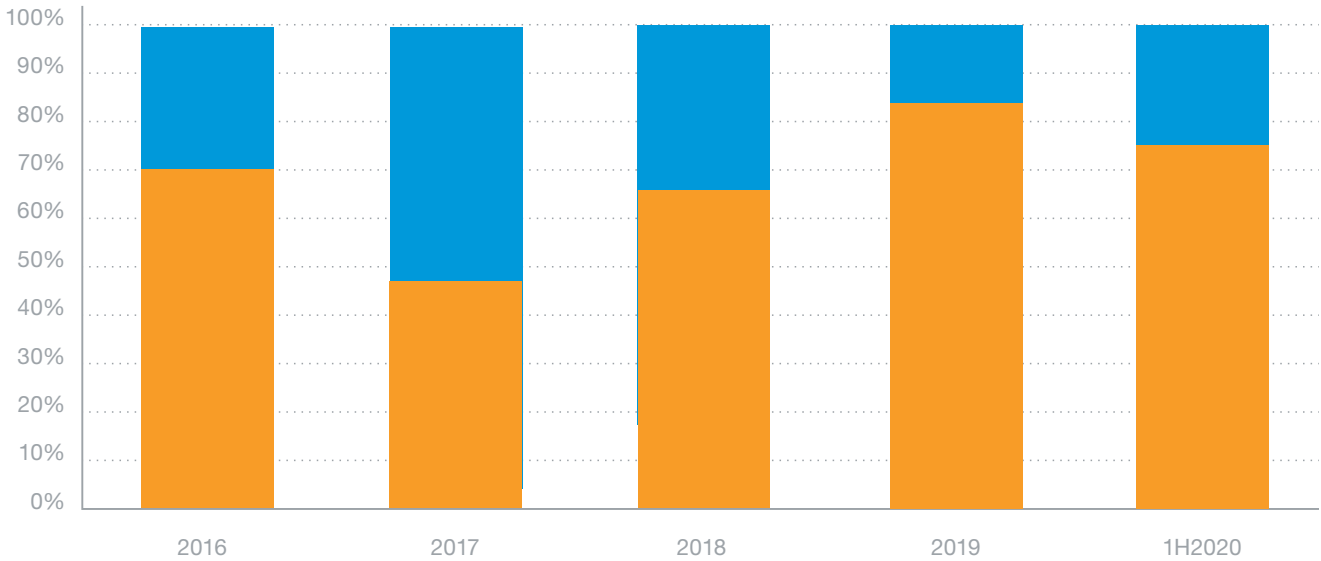
- Single-Class - 32%
- Dual-Class - 68%

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



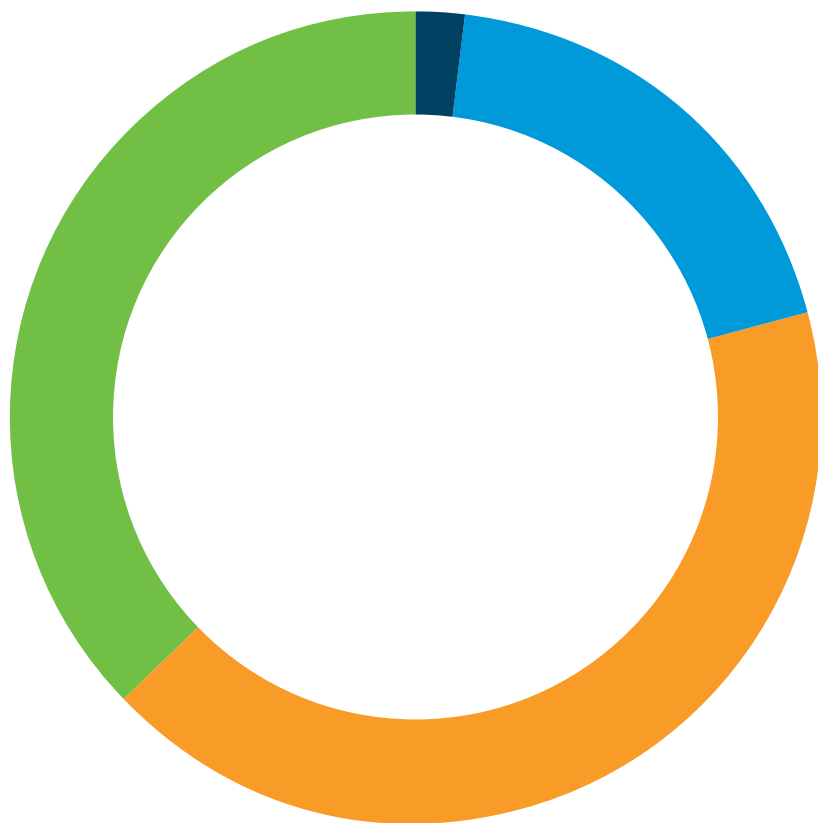
IPO Units – Public Warrants*

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 42% of the SPAC IPOs in our study, the IPO unit included a warrant to purchase one-half of one share of common stock.

Warrants Included in IPO Unit

- 1/4 - 2%
- 1/3 - 19%
- 1/2 - 42%
- Full - 37%



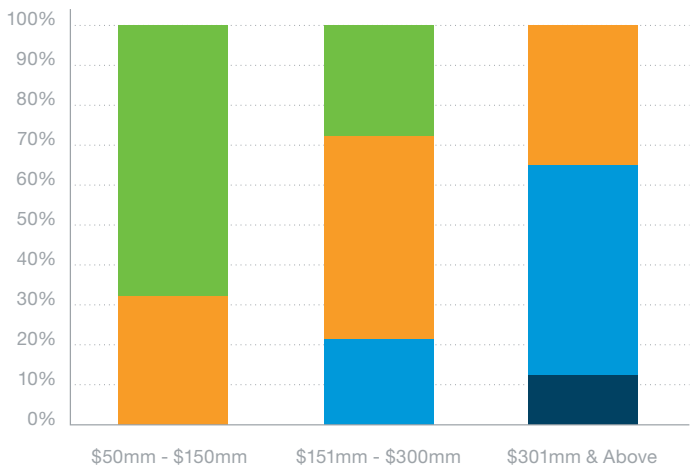
*Excludes one SPAC in which the IPO unit did not include a warrant.

IPO Units – Public Warrants – Deeper Dive*

.....

All of the SPAC IPOs in our study that included a warrant to purchase one-quarter of one share of common stock had a deal size of \$301mm and above. Full warrants were only present in deal sizes below \$300mm.

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Warrants Included in
IPO Unit

- 1/4
- 1/3
- 1/2
- Full

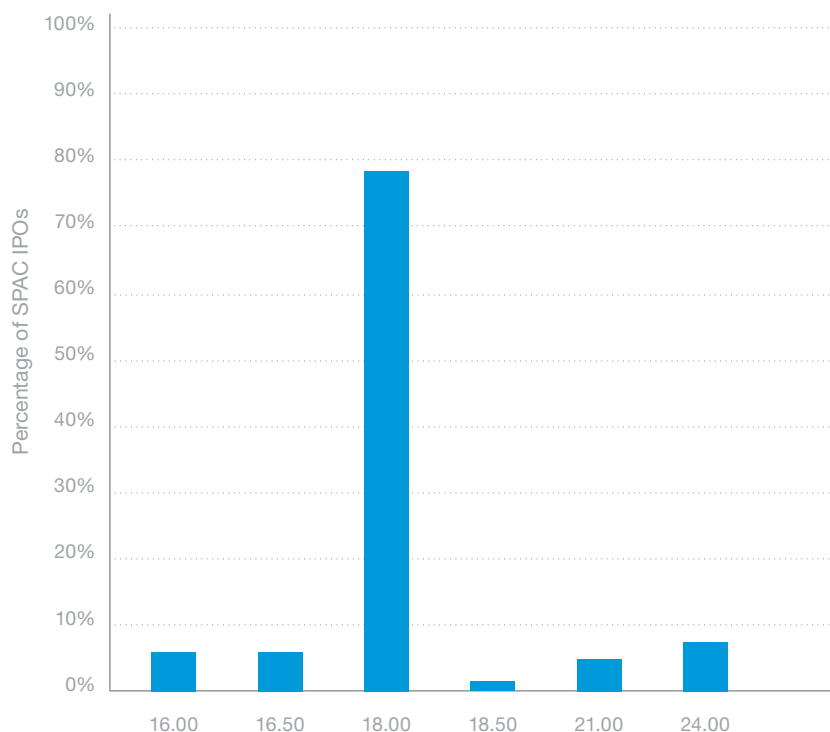
*Excludes one SPAC in which the IPO unit did not include a warrant.

IPO Units – Public Warrants – Deeper Dive*

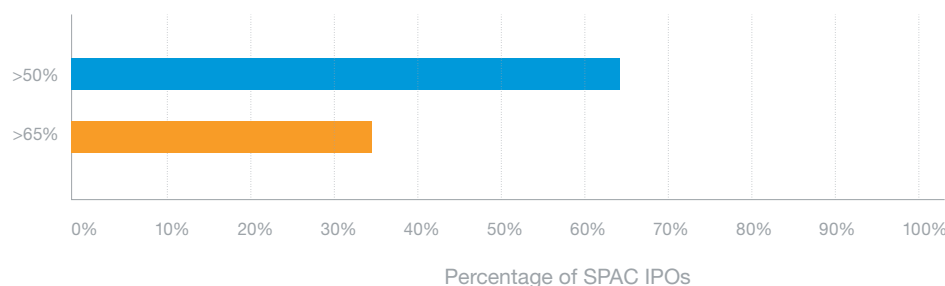
Once the warrants become exercisable, the SPAC may typically redeem them at a price of \$0.01 per warrant, upon a minimum of 30 days' prior written notice if the common stock exceeds a certain price per share for any 20 trading days within a 30-trading day period.

In 79% of SPAC IPOs in our study, the threshold warrant redemption price was \$18.00 per share.

65% of the SPACs in our study required approval of holders of at least 50% of the then outstanding public warrants to amend the terms of such warrants. 35% required approval of holders of at least 65%.



**Public Warrants
Redemption Price**



**Percentage of Holders
Required to Amend
Public Warrants**

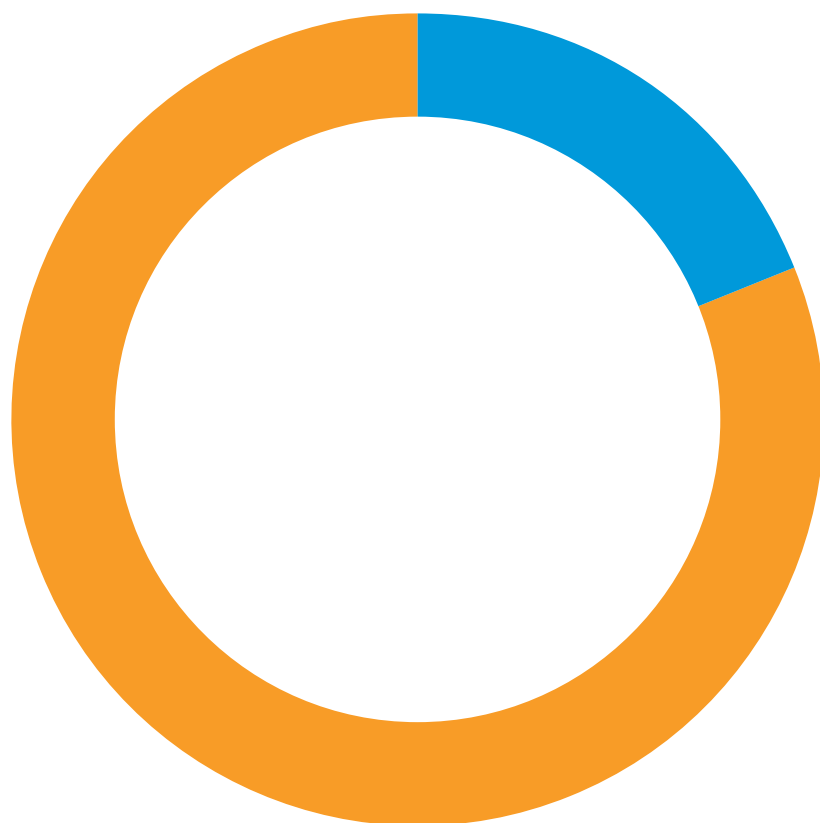
- >50%
- >65%

*Excludes one SPAC in which the IPO unit did not include a warrant.

IPO Units – Additional Rights

In some cases, the unit offered in a SPAC IPO also includes a right to receive one-tenth of one share of common stock upon consummation of a business combination.

.....
19% of the SPAC IPOs
in our study included an
additional right.
.....

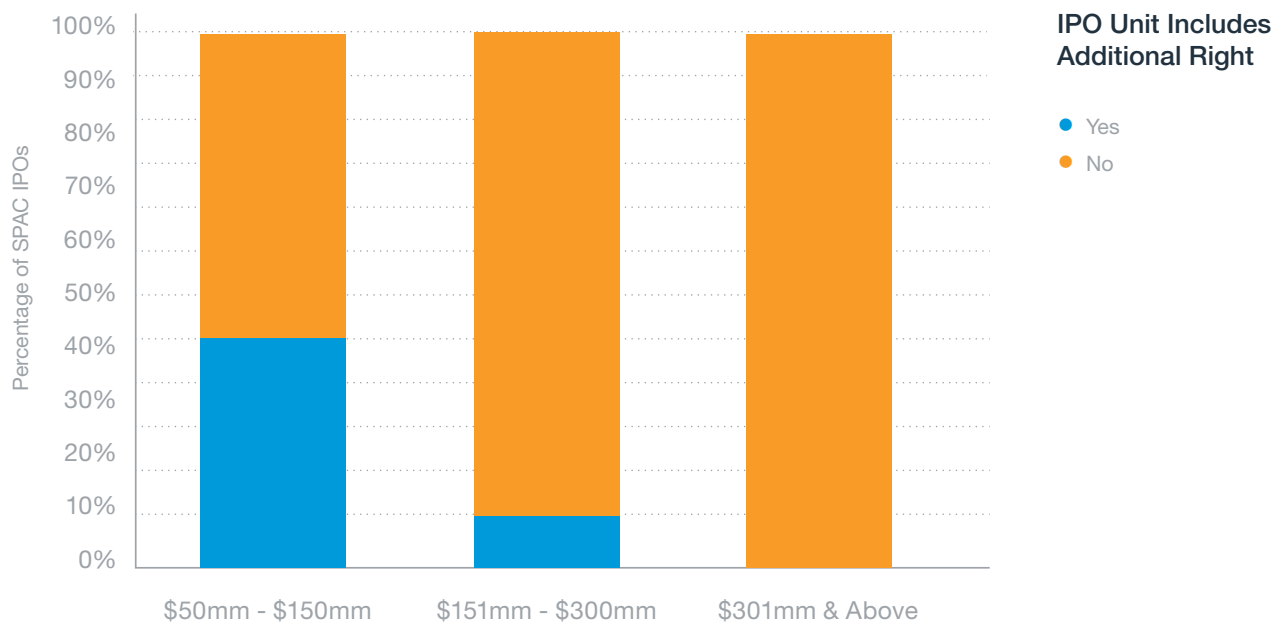


**IPO Unit Includes
Additional Right**

● Yes - 19%
● No - 81%

IPO Units – Additional Rights – Deeper Dive

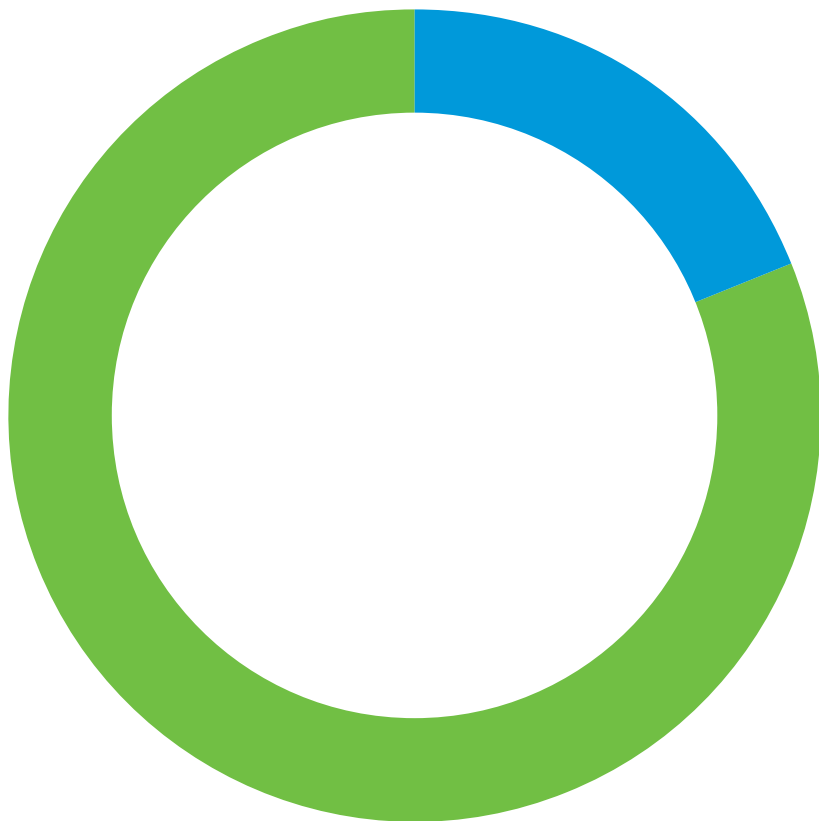
Additional rights were most commonly included among SPAC IPOs with deal sizes of between \$50mm and \$150mm. None of the SPAC IPOs in our study with deal sizes of \$301mm and above included an additional right in the unit offered.



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.

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



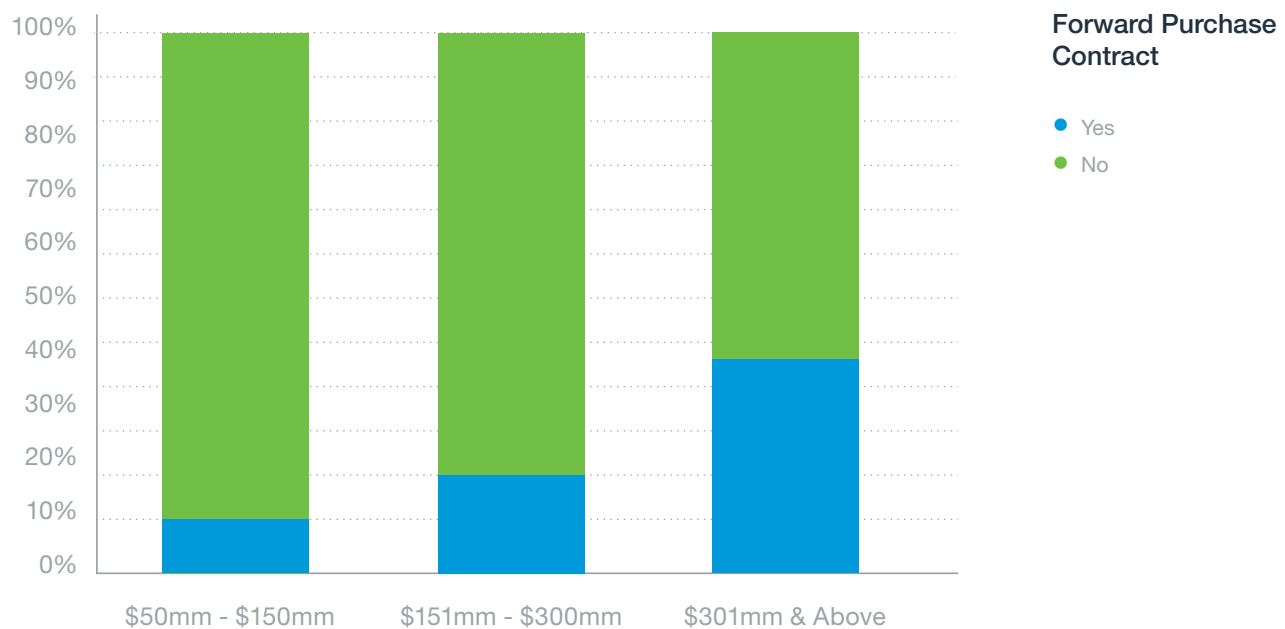
Forward Purchase Contract

- Yes - 19%
- No - 81%

Forward Purchase Contracts – Deeper Dive

.....
The larger the deal size, the more frequently a forward purchase contract was disclosed.
.....

.....
The average size of a forward purchase contract in our study was \$137mm and the median size was \$69mm.
.....



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.

.....
69% of the SPACs in our study offered warrants in the concurrent private placement, while the remaining 31% offered units.
.....

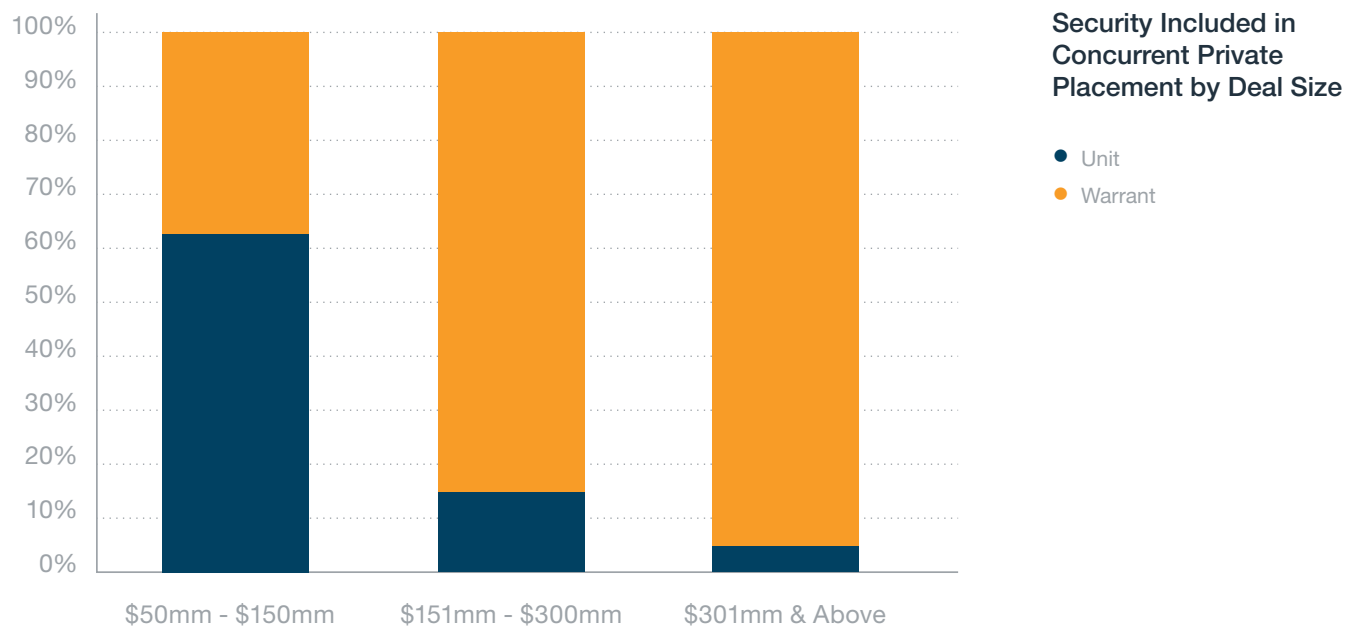


Security Included in Concurrent Private Placement

- Unit - 31%
- Warrant - 69%

At-Risk Capital – Concurrent Private Placement – Deeper Dive

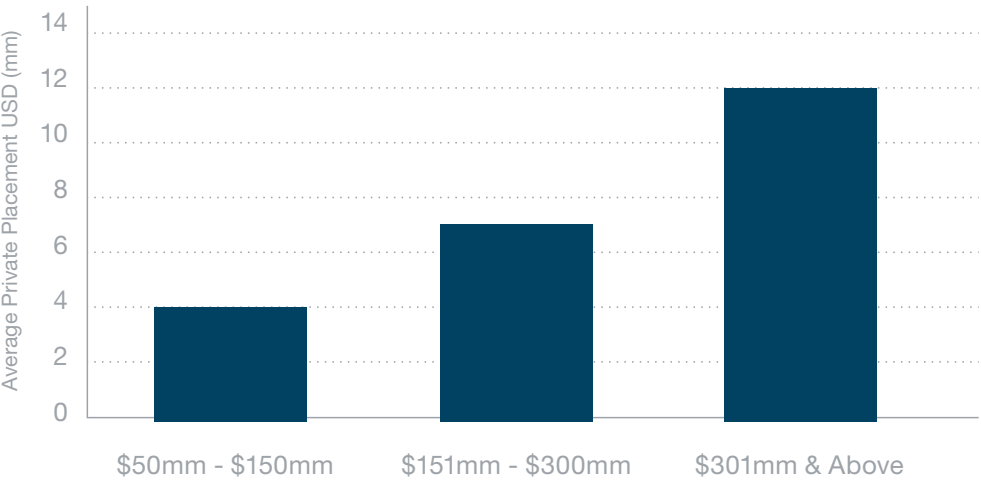
Units were much more commonly issued in private placements alongside SPAC IPOs with deal sizes of between \$50mm and \$150mm.



At-Risk Capital – Concurrent Private Placement – Deeper Dive

The average at-risk capital for all SPAC IPOs in our study was \$6.8mm and the median was \$6.5mm.

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

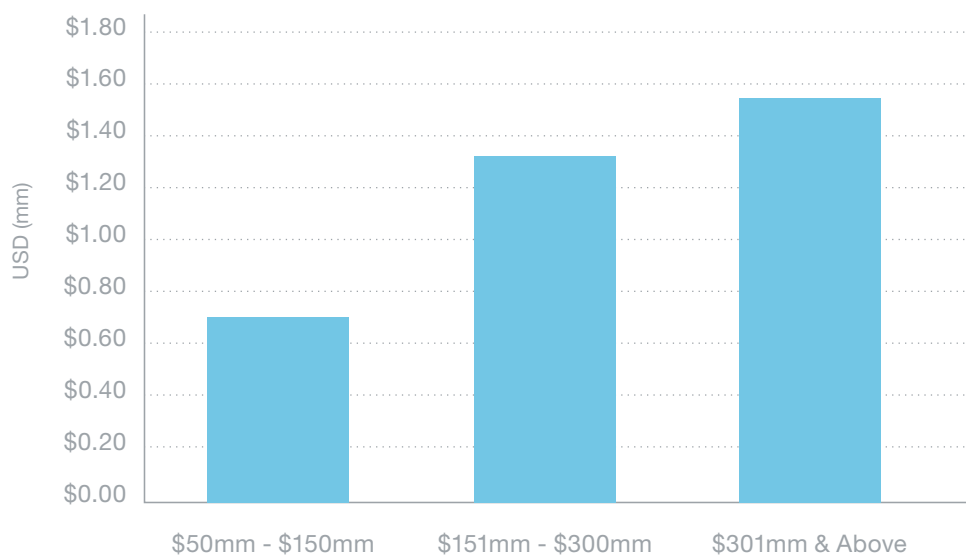


Average Size of Concurrent Private Placement

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 held \$1.1mm outside of the trust immediately following the IPO and concurrent private placement, representing approximately .6%, on average, as a percentage of deal size. Generally, the larger the SPAC IPO, the greater amount of funds were held outside of the trust.



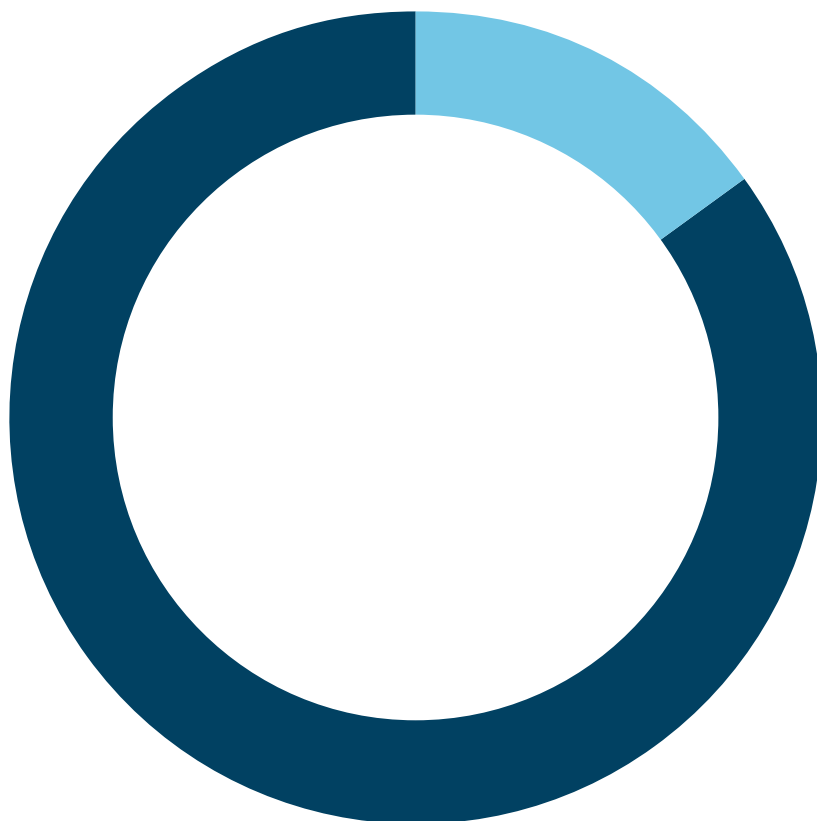
Average Amount Held Outside Trust for Working Capital

Trust Accounts – Use of Interest

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

.....
In 85% of the SPAC IPOs in our study, trust interest could be used only to pay taxes. In 15%, 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 an uptick in SPAC IPOs priced in the first six months of 2020.
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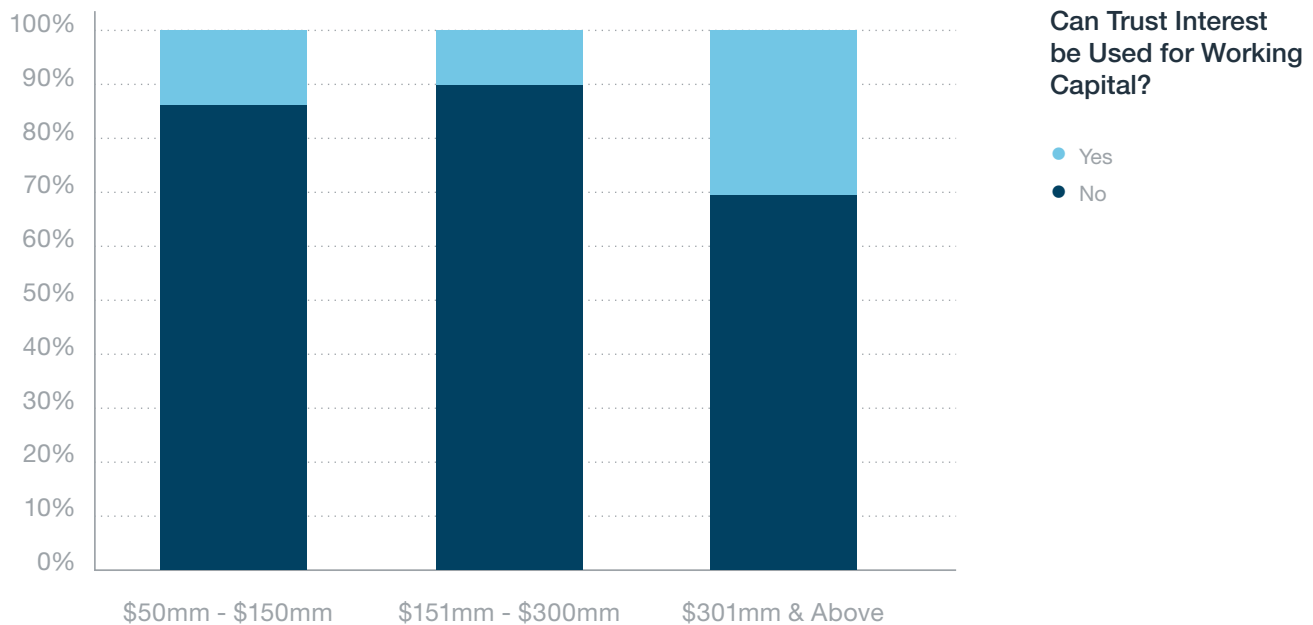


Can Trust Interest
be Used for Working
Capital?

- Yes - 15%
- No - 85%

Trust Accounts – Use of Interest – Deeper Dive

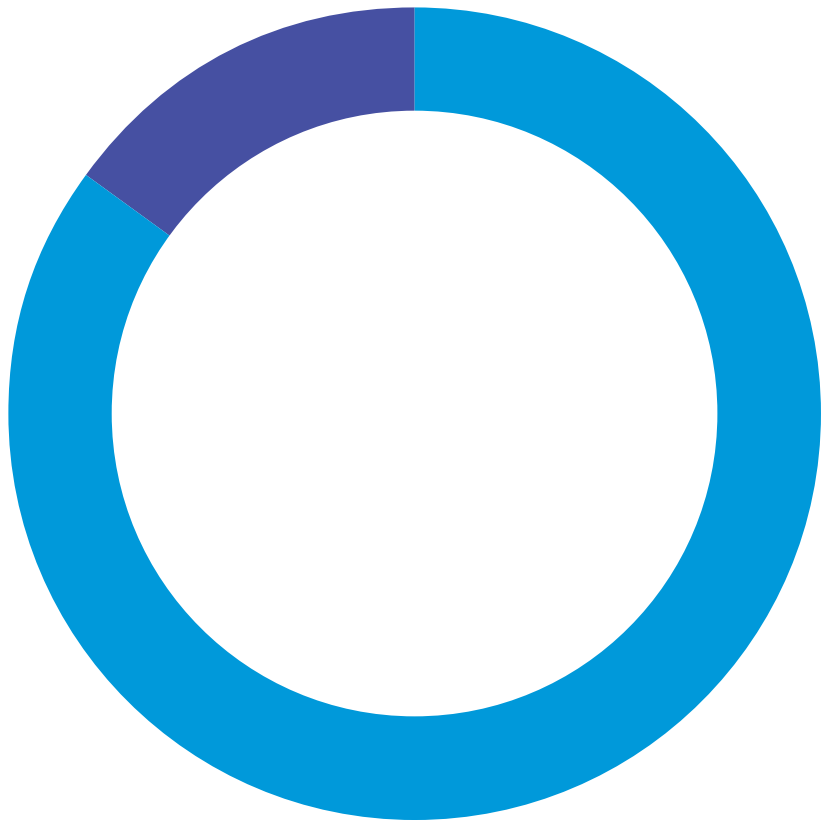
Among SPACs with deal sizes of \$301mm and above, the ability to use trust interest for working capital was more common at 30%.



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.

.....
85% of the SPACs in our study included a bulldog provision in their charter.
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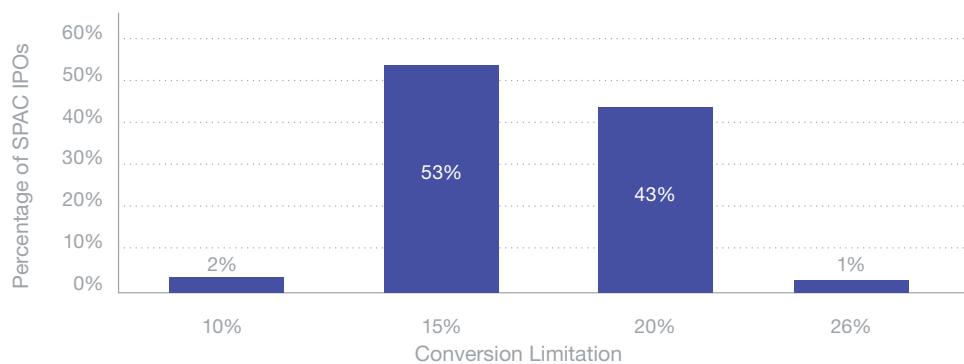


Bulldog Provision Included

- Yes - 85%
- No - 15%

Bulldog Provision – Deeper Dive*

Of the SPACs in our study that included a bulldog provision in their charter, 53% limited conversion of greater than 15% of the shares sold in the IPO, and 43% limited conversion of greater than 20% of the shares sold in the IPO.

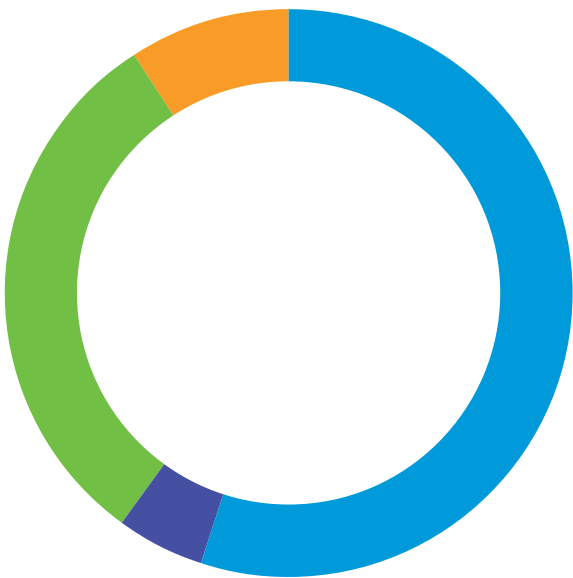


Bulldog Provision Included

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

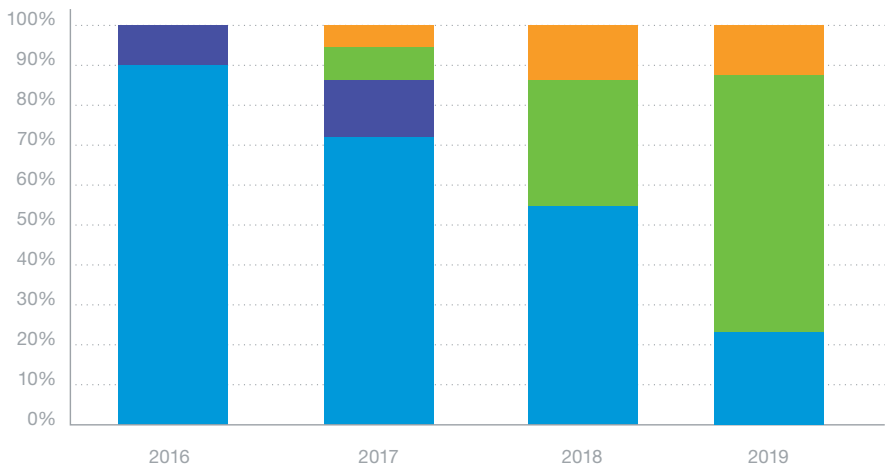
Business Combinations – Status of Initial Business Combination*

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



SPAC IPOs Completed Business Combinations

- Yes - 55%
- No - 31%
Looking for a target
- No - 9%
Announced an acquisition
- No - 5%
Liquidated/Dissolved



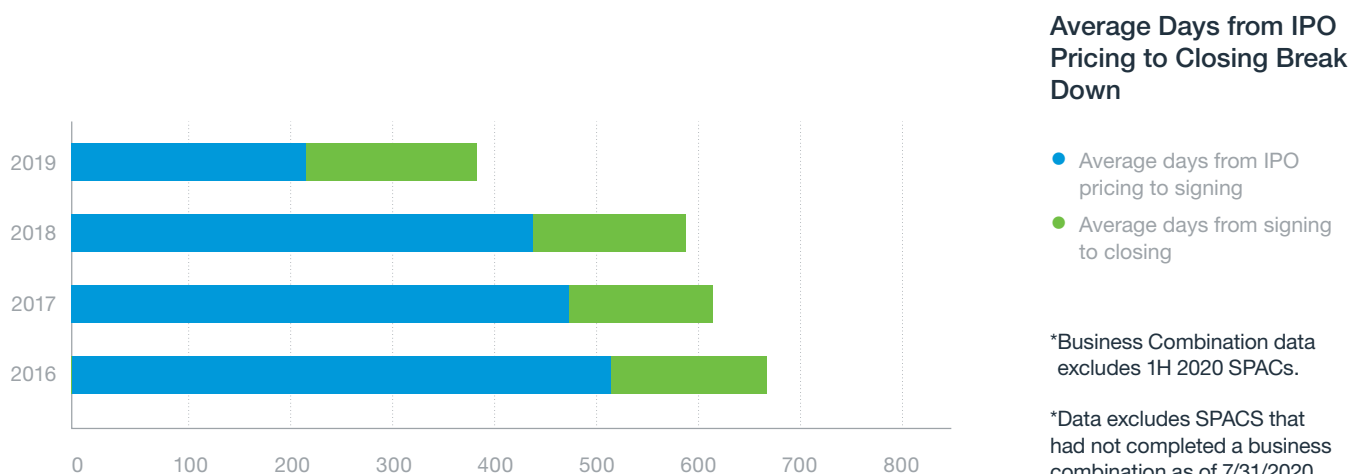
SPAC IPOs Completed Business Combinations

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

*Business Combination data excludes 1H2020 SPACs.

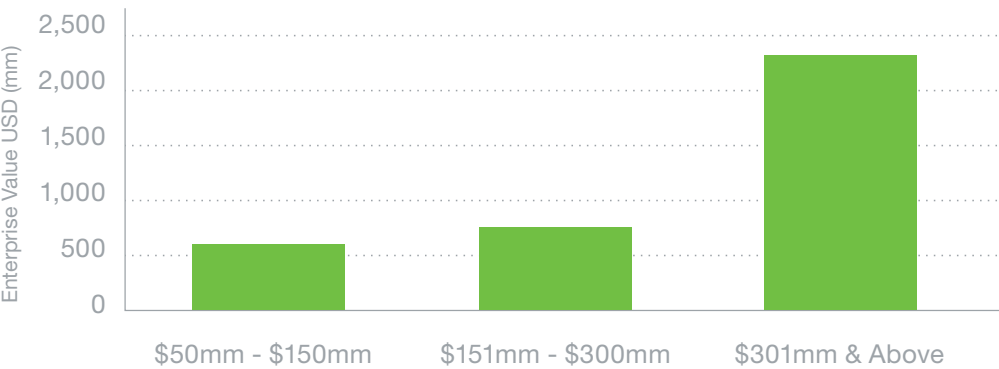
Business Combinations – Time to Signing and Closing of Initial Business Combination*

The average number of days it took for a SPAC to sign an agreement for its initial business combination was 440. It then took, on average, an additional 148 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 \$889mm. This represents a ratio of 4.19 to the average deal size of \$212mm for SPAC IPOs in our study that completed a business combination.

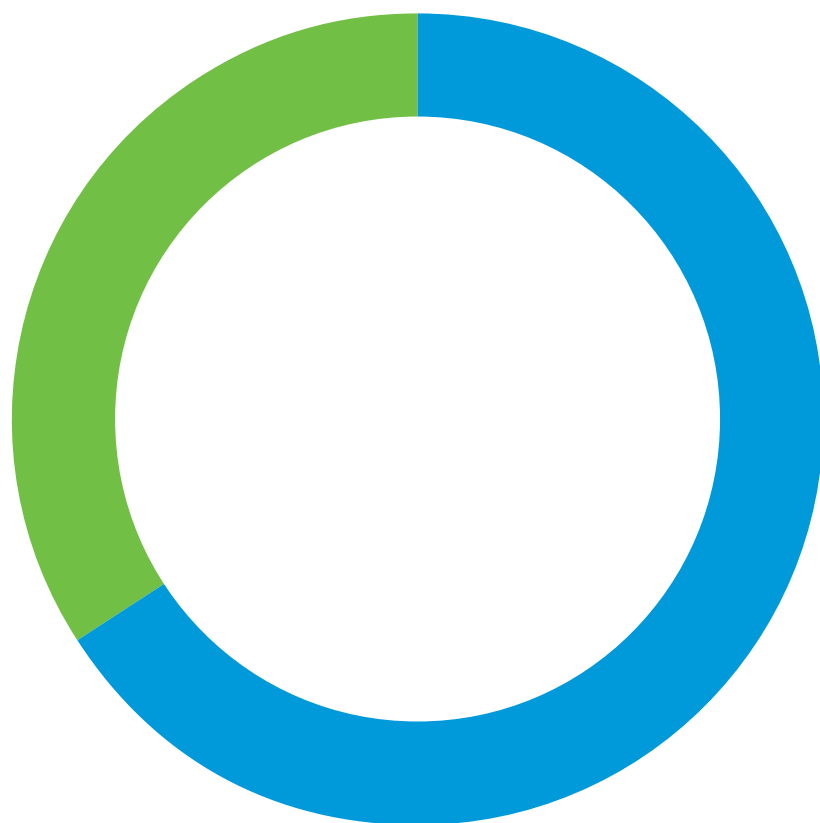


Average Announced Enterprise Value

*Business Combination data excludes 1H2020 SPACs. The data on this page includes only SPACs from our study that have completed a business combination as of 7/31/2020.

Business Combinations – PIPE at Closing of Business Combination*

Approximately two-thirds of the SPACs in our study that 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.



PIPE at Closing of Business Combination

- Yes - 66%
- No - 34%

*Business Combination data excludes 1H2020 SPACs. The data on this page includes only SPACs from our study that have completed a business combination as of 7/31/2020.

*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 2020.

Please contact Daniel Forman or Lily Desmond with any questions on this report.

