

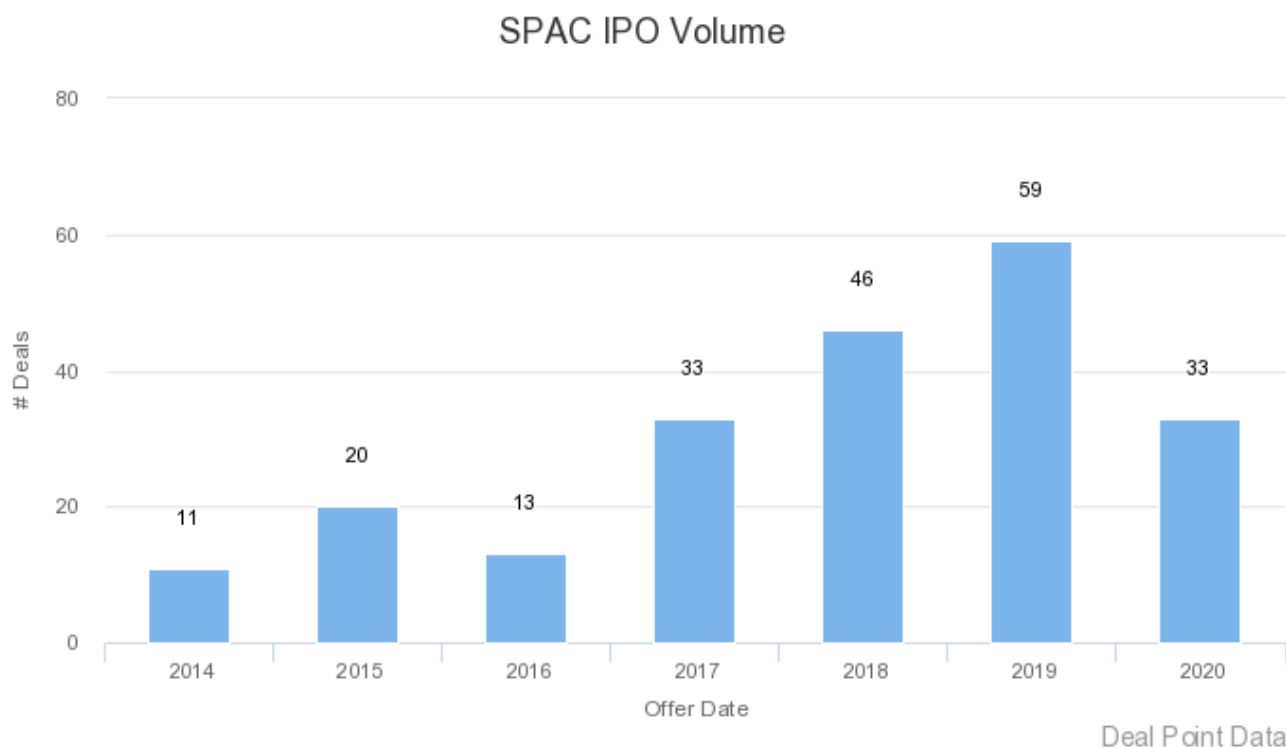
## Increasing Prevalence and Size of SPAC IPOs

June 24, 2020

The increased prevalence of initial public offerings by special purpose acquisition companies (SPACs) has been one of the most notable trends in IPOs in the last few years. SPACs are blank check companies formed for the purpose of merging with another company following the IPO. If the SPAC does not complete an M&A transaction within a given timeframe after its IPO, it must return the cash it raised in the IPO to its shareholders.

Target companies that choose to merge with a SPAC have the benefit of going public via a backdoor listing and thereby avoid the traditional IPO process. Some high-profile M&A deals announced in the last year involving SPAC acquirers include Virgin Galactic, LLC, DraftKings Inc., Utz Quality Foods, LLC, and Nikola Corporation. For a list of M&A deals with SPAC acquirers please click this [link](#).

The overall volume of SPAC IPOs has increased dramatically in the last few years. As the chart below indicates, the number of priced SPAC IPOs increased from 13 in 2016 to 59 in 2019. Thus far in 2020 there have already been 33 priced SPAC IPOs. Last year on this day there had been 27 SPAC IPOs, so we are well ahead of last year's pace and will likely break last year's record of 59 SPAC IPOs. Clearly, the global COVID-19 pandemic has not negatively impacted SPAC IPOs.

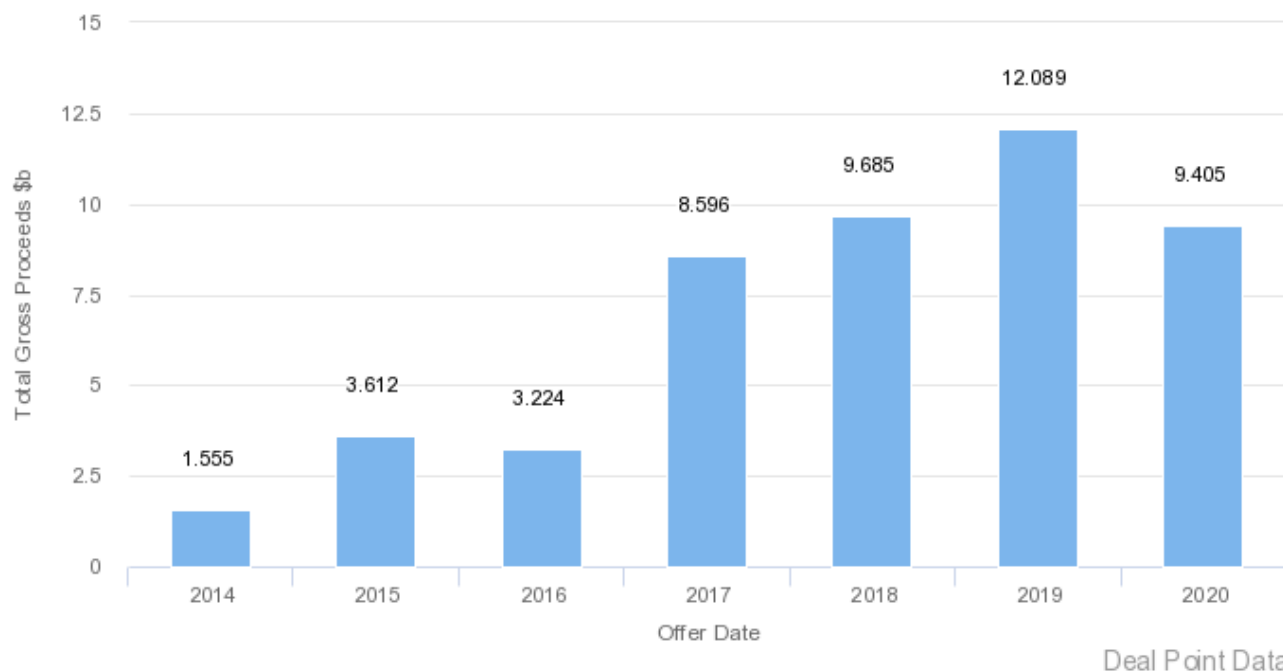


< Click this [LINK](#) to update chart >

In addition to the significant increase in the number of SPAC IPOs the overall gross proceeds raised via SPACs has also increased dramatically. As the chart below indicates there was a nearly four-fold increase in the gross

proceeds raised by SPACs between 2016 and 2019. So far this year SPACs have raised more than 75% of the total raised all of last year based on just slightly more than half the number of SPAC IPOs.

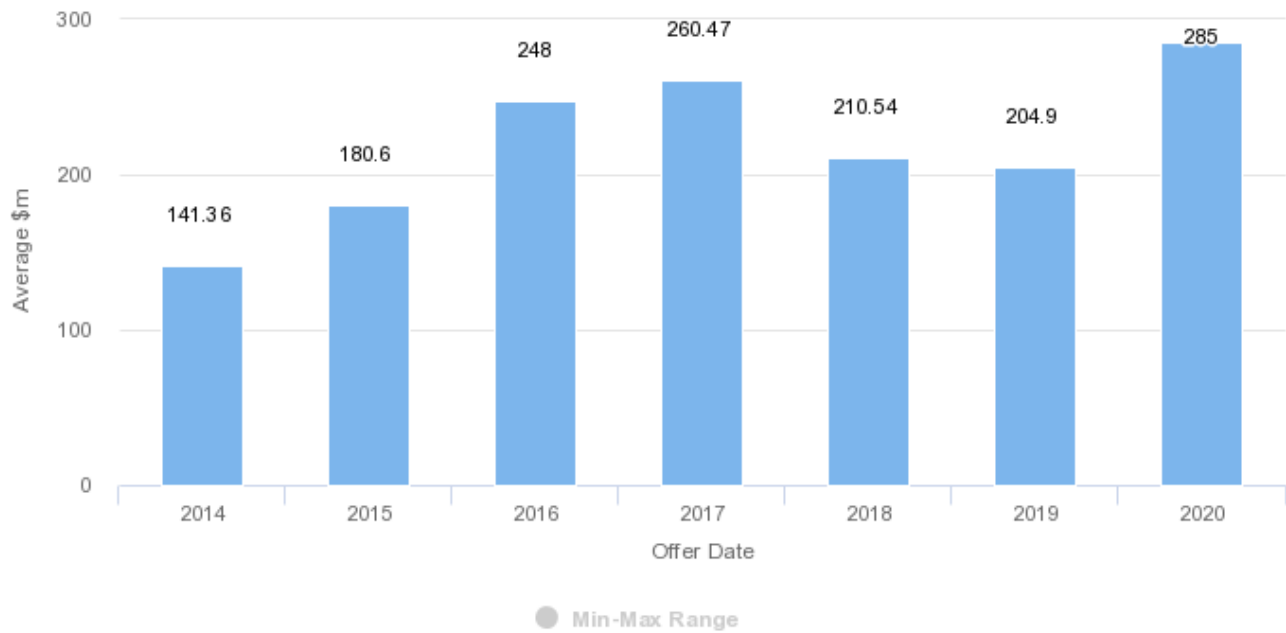
## SPAC Gross Proceeds



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Interestingly, the average amount raised by SPACs in an IPO had actually fallen slightly since 2017 as the chart below indicates. However, thus far in 2020 the average amount raised by SPACs has increased to \$285 mil, led by Churchill Capital Corp. III's \$1 bil IPO, which priced on February 13, 2020 and is currently the largest SPAC IPO. That title will likely be short lived. On June 22, 2020 Bill Ackman's Pershing Square filed a registration statement for a SPAC under the name Pershing Square Tontine Holdings, Ltd., which plans to raise at least \$3 bil with a focus on merging with a "Mature Unicorn". These "Mature Unicorns" are historically the types of private companies that would go through the traditional IPO process to become public and have historically been out of the reach of SPACs. However, given the amount that the Pershing Square SPAC expects to raise in its IPO merging with a unicorn is clearly a viable option.

## Average SPAC Gross Proceeds



Deal Point Data

< Click this [LINK](#) to update chart >