

Why should premier Sponsors consider the SPAC market?



Deutsche Bank has been left lead on SPACs for the pre-eminent buyout firms

Private equity investors including Centerview Partners, Riverstone, TPG (Pace Holdings Corp.), The Gores Group and WL Ross & Co. have raised or are planning to raise money through blank-check companies to make acquisitions outside of their main buyout funds

A well-tailored SPAC could be conflict-free and complementary to any Sponsor's platform as a natural extension of its investment strategy

Benefits

- ✓ Permanent public equity capital
- ✓ No liquidity pressures that exist in a private fund context
- ✓ Diversify capital raising channels with new investor base
- ✓ Potential channel for multiple issuances in the future
- ✓ Significant economics relative to sponsor at-risk capital
- ✓ Significantly easier process to raise money than private capital
- ✓ Private capital market remains constrained and fees continue to compress
- ✓ Product is becoming more institutionalized with sellers looking at the structure with more credibility
- ✓ Wave of successful deal closures all trading meaningfully above par
- ✓ Investor base is expanding to more traditional, long-only accounts

Considerations

- Conflicts with existing funds
- Team dedicated to vehicles and allocation of time
- Messaging around potential pushback from existing LPs
- Capital is not fully committed
- Finding the right deal that is appropriate for a SPAC
- Sizing the SPAC

