



Kimberly Smith Discusses Middle-Market Deal Activity on 'Drinks With *The Deal*' Podcast

February 4, 2022

In a podcast interview with *The Deal*, partner and global chair of the Corporate department Kimberly Smith discussed the state of middle-market M&A and private equity transactions, regulatory trends and the current pressures on the legal market.

Last year saw extraordinary activity in private equity at all levels and "the volume continues to be astronomical," said Kimberly.

"Auction processes remain extremely competitive, which just continues to drive valuations up," she added. "We see situations where investors are making very hard runs at businesses, spending a lot of money on deal expenses to get themselves in a position to close quickly only to lose the auction because they just couldn't get to the winning position on value."

As a result, investors are starting to find creative ways to get deals done. Kimberly told *The Deal* she's seeing increased interest in carve-out transactions and investors simultaneously combining smaller deals into a larger investment platform. And she's seeing sponsors taking minority positions to get a foot in the door.

At the same time, there is "a shifting regulatory landscape" in the areas of antitrust and foreign investment review that is extending deal closing times. Kimberly said she expects the result will mean among other things more focus on interim covenants and more pressure on failed closing conditions.

["Drinks With The Deal: Katten's Kimberly Smith,"](#) *The Deal*, February 3, 2022

CONTACTS

For more information, contact your Katten attorney or any of the following attorneys.



Kimberly T. Smith

+1.312.902.5411

kimberly.smith@katten.com

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