

SPAC structure today



The SPAC structure has been improved with issuers addressing key challenges of the legacy structure including the promote size, shareholder vote complexities and the dilutive terms of warrants

	SPAC technology today		Comments
Cash in trust	<ul style="list-style-type: none"> – ≥100% in trust at IPO 	➔	<ul style="list-style-type: none"> – <i>Investor capital protected</i> – <i>Lower interest rate environment, but cash in trust remains largely unchanged</i>
Sponsor promote	<ul style="list-style-type: none"> – 20% common stock 	➔	<ul style="list-style-type: none"> – <i>20% is a strong initial starting point</i> – <i>Full promote has been earned in most successful back-ends</i>
Acquisition mechanics	<ul style="list-style-type: none"> – Full proxy subject to SEC review – When shareholder vote is required, no more than 50% voting against acquisition <ul style="list-style-type: none"> – shareholders can vote “yes” and redeem shares which typically results in zero “no” votes – Redemption thresholds can be set by specific acquisition requirements, i.e. minimum cash 	➔	<ul style="list-style-type: none"> – <i>Much higher certainty of deal close</i> – <i>Quicker acquisition timeline</i> – <i>Shareholders maintain same redemption rights</i> – <i>Higher likelihood of retaining warrant value</i> – <i>Redemption threshold set by specifics of transaction</i>
Warrant terms	<ul style="list-style-type: none"> – Half warrant per unit – Strike out of the money (\$11.50 strike price per whole warrant) – 5 year duration from close of business combination 	➔	<ul style="list-style-type: none"> – <i>Significantly less dilution and overhang</i> – <i>Longer duration provides increased time value to warrant holders</i> – <i>Investor trade-off initial “in the money” value to maintain upside</i>