

SPACs

Special Purpose Acquisition Companies

A BRIEF INTRODUCTION FOR SPONSORS



Shanda Consult

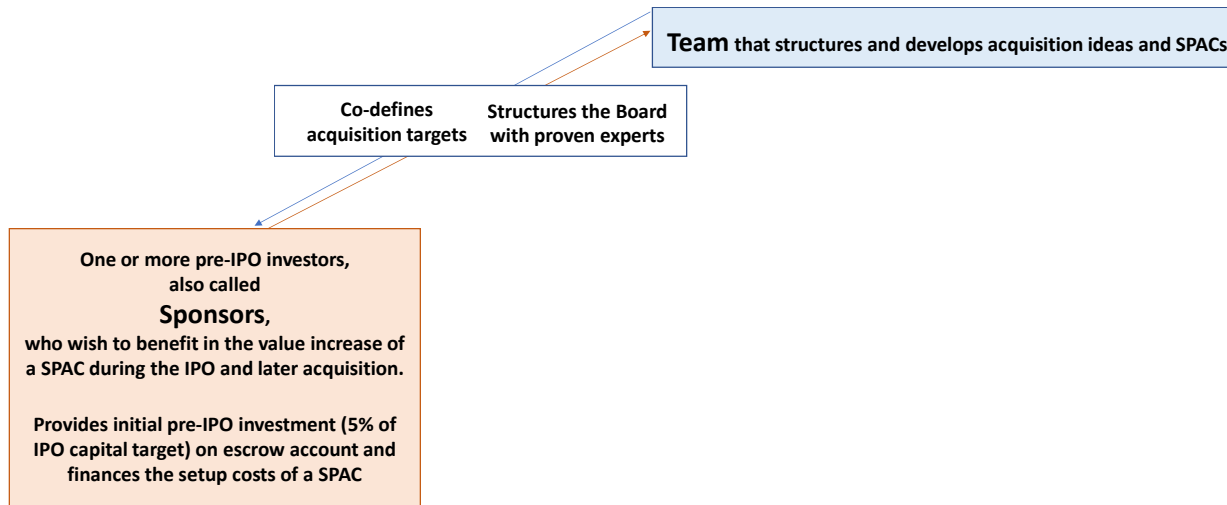
INTRODUCTION

A **SPAC** is a **S**pecial **P**urpose **A**cquisition **C**ompany,
a company that is formed
for raising capital through an initial public offering (IPO),
typically at NASDAQ or NYSE,
for the purpose of acquiring one or more operating companies,
related to pre-defined investment strategies.

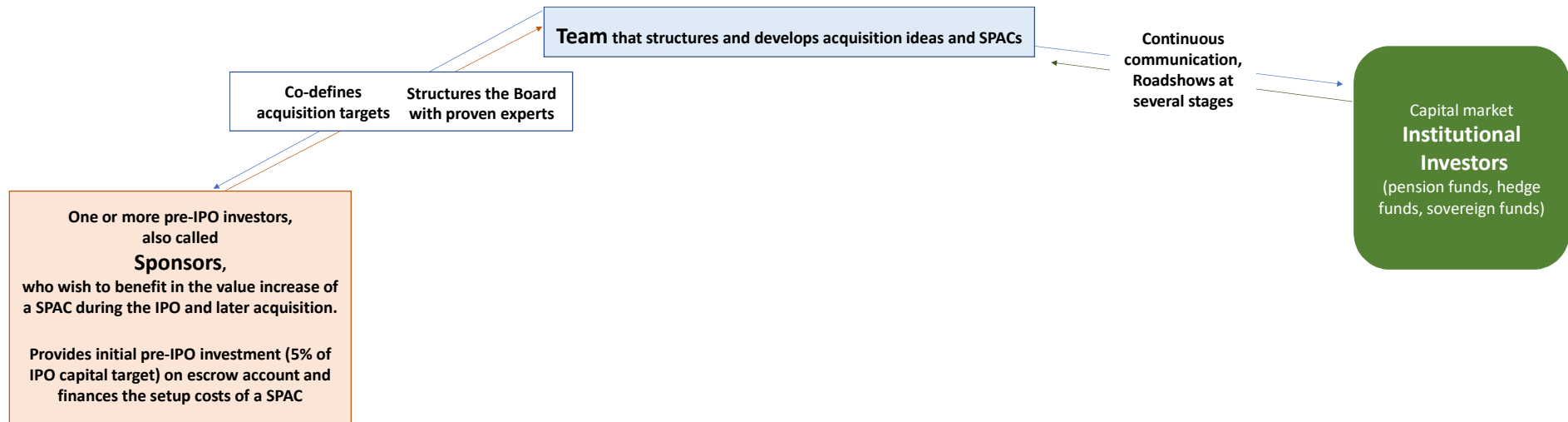
A SPAC is a unique financial tool for raising institutional capital for acquisitions based on the expertise of an executive team.



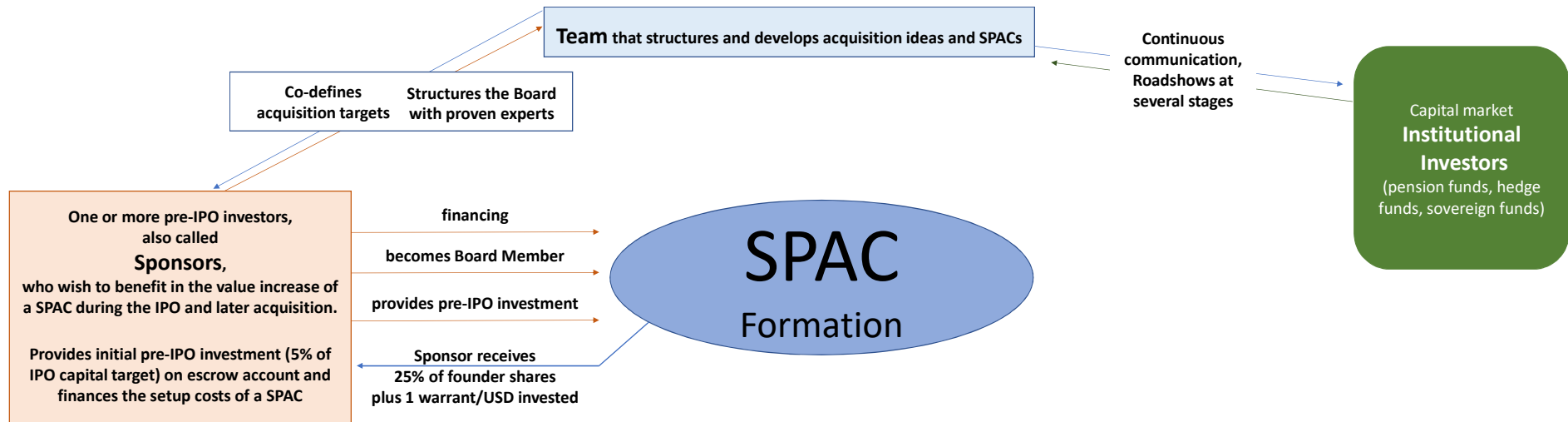
VISUAL STRUCTURE (simplified)



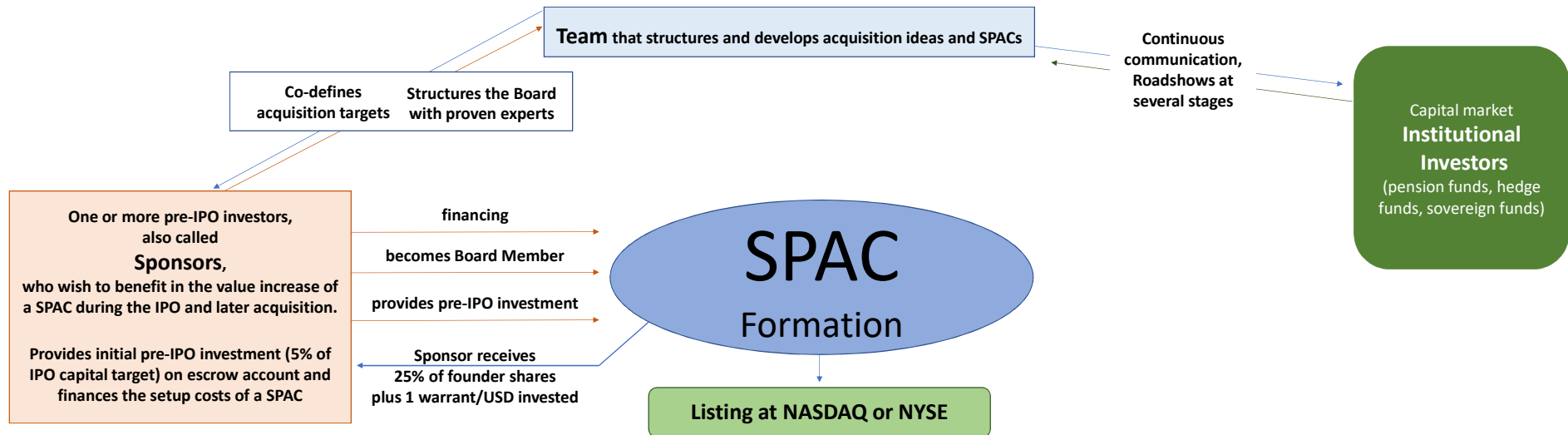
VISUAL STRUCTURE (simplified)



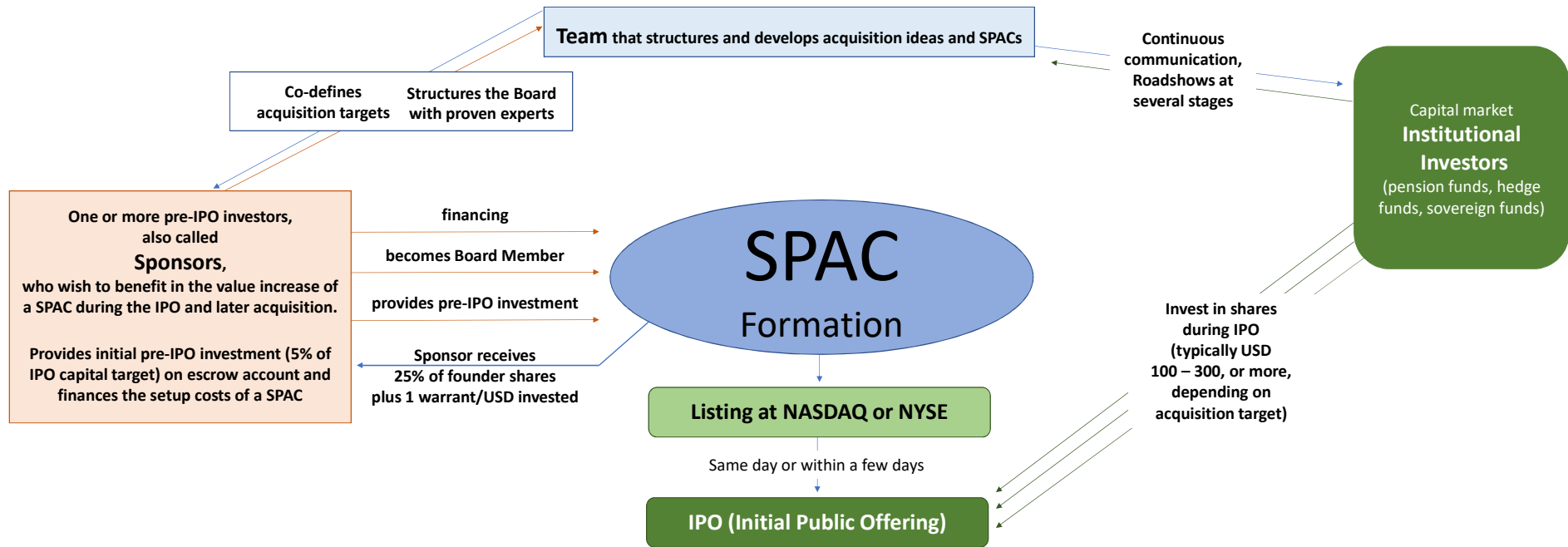
VISUAL STRUCTURE (simplified)



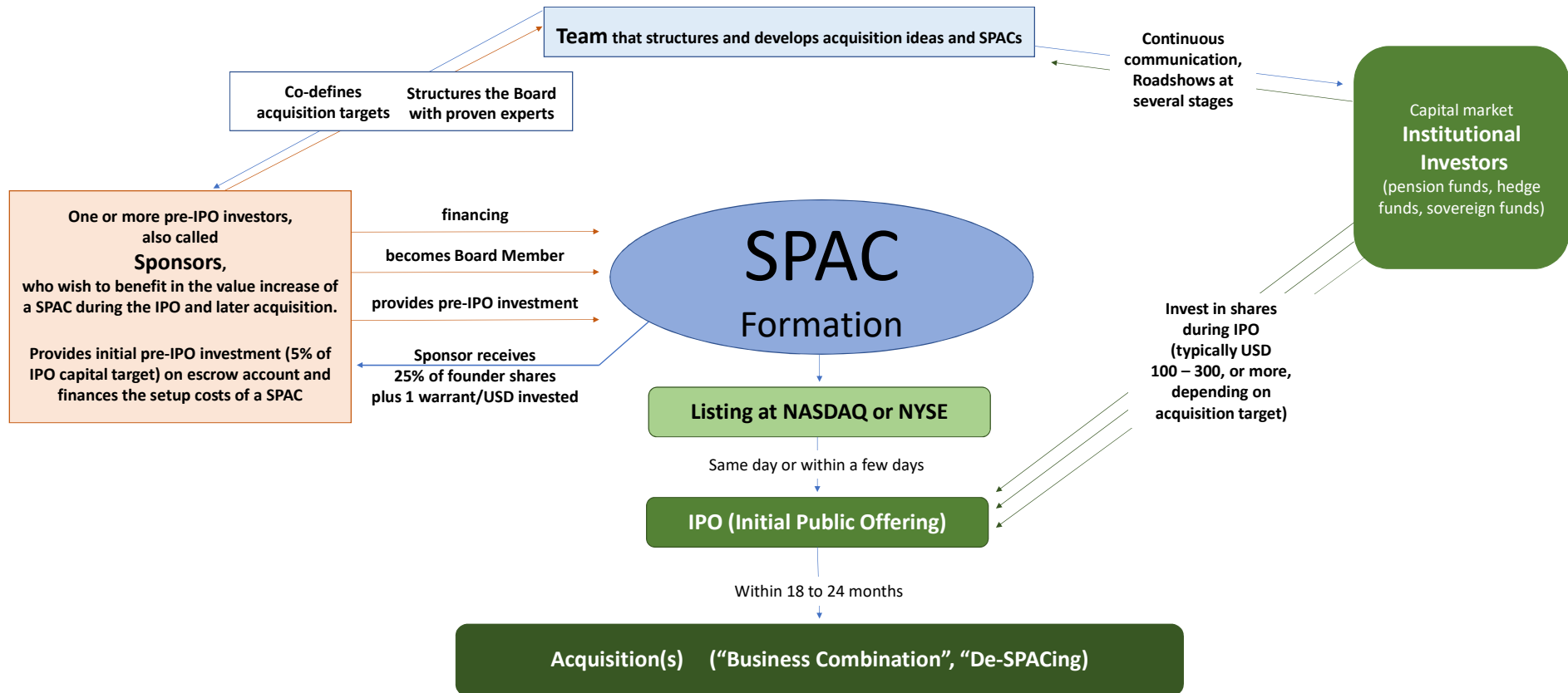
VISUAL STRUCTURE (simplified)



VISUAL STRUCTURE (simplified)



VISUAL STRUCTURE (simplified)



PRE-IPO INVESTMENT OPPORTUNITY

Unique Opportunity for pre-IPO Investors (Sponsors):

SPAC Sponsors receive 25% of SPAC shares
in return for their 5% pre-IPO investment.

During the IPO, the value of the Sponsors' shares
becomes 125% of the pre-IPO investment = capital gain of 25%.

In addition, the Sponsors receive 1 warrant per USD invested, which
provide for the main profit of the Sponsors.



PRE-IPO INVESTMENT OPPORTUNITY

Unique Opportunity for pre-IPO Investors (Sponsors), example:

IPO capital raising target (from large IPO investors) = USD 100 Mio

SPAC's own funds requirements (= Sponsors' pre-IPO investment, 5% of IPO target) = USD 5 Mio

Sponsors keep 25% of SPAC founder shares

Remaining SPAC founder shares go to SPAC Directors and Managers etc.

During the IPO, 10.000.000 shares of USD 10,00 each will be floated (sold), and the entire SPAC founder shares will be converted into restricted IPO shares, representing 20% of all IPO shares.

Calculated example >>>



PRE-IPO INVESTMENT OPPORTUNITY

Unique Opportunity for pre-IPO Investors (Sponsors), example:

IPO capital raise target from the market: USD 100.000.000

Required Sponsor pre-IPO investment (5%): USD 5.000.000

IPO share sales to large investors: 10.000.000 shares x USD 10,00 = USD 100.000.000

SPAC founder shares converted to restricted IPO shares (20% of total IPO shares):

2.500.000 shares x USD 10,00 = USD 25.000.000...

(100 M + 25 M = 125 M; 25 M of 125 M = 20%)

... of which the Sponsors hold 25% = USD 6.250.000...

... representing a gain of 25% on Sponsors' pre-IPO investment

Plus >>>



PRE-IPO INVESTMENT OPPORTUNITY

Unique Opportunity for pre-IPO Investors (Sponsors), warrants:

Sponsors receive 1 warrant per 1 USD pre-IPO investment = 5.000.000 warrants

Execution price of 1 warrant: USD 11,50, which means that the warrant holder can buy at a later stage 1 traded share for the price of USD 11,50, even if the share is traded for a higher price, for example USD 18,00.

Means: additional profit for the Sponsors, which may be realized by buying shares traded for USD 18,00 for example, for USD 11,50 and selling them next day on the market (stock exchange) for USD 18,00, resulting an additional gain of 5.000.000 warrants x USD 6,50 difference = USD 32,5 M.

After the IPO warrants can be traded (sold) on the secondary market; they typically gain 50 - 60% (based on their execution value USD 11,50).

Warrants have a validity of 5 years.



THE PRINCIPLES OF A SPAC

IDEA + TEAM + INVESTMENT + IPO = ACQUISITION

- The key to a successful SPAC is a **convincing idea** for acquisitions driven by an **experienced management team** with proven expertise in a specific business sector.
- I-Bankers Securities underwrites our SPACs. I-Bankers has a **proven track-record**, having participated in the underwriting of more than 94 SPAC IPOs worth \$14.8 billion.
- The SPAC has **18 months to conclude the acquisitions**, which acquisitions are consummated after shareholder approval.
- Risk is minimized for a sponsor, with **cash held in trust**, and risk linked directly to the SPAC's successful acquisition(s).



INVESTOR BENEFITS

- Investors who choose to invest in a SPAC as sponsors receive equity at a multiple of their investment and warrants with intrinsic premium and significant upside.
- The SPAC structure limits risk
 - **Security:** Capital held in a trust account pending approval of a business combination via a shareholder vote or return of capital via tender offer
 - **Liquidity:** Benefits from publicly-traded security and ability to control exit timing
 - **Low-cost:** Pending business combination, no cash compensation to Sponsor/Management Team
 - **Attractive:** Warrants included in Units offered in IPO enable holder to invest more capital at a pre-determined price (below the market price) and leverage initial investment
 - **Backstop:** Provides a minimum liquidation value per share in the event no business combination is effected



OUR TEAM

- The associates Shanda Consult and Celtic Asset provide exemplary professional expertise in **coordinating the complexities of a SPAC** initial public offering.
- Shanda Consult and Celtic Asset's **unique relationship with IBankers**, as well as with **Ellenoff Grossman Schole**, allow substantial savings in time and effort and securing the SPAC IPO process.
- As a cofounder of each SPAC, **Shanda Consult and Celtic Asset & Equity Partners** ensure success.

Ellenoff Grossman & Schole LLP
EGS

withum⁺
AUDIT TAX ADVISORY

I-Bankers
SECURITIES
INCORPORATED



INTERESTED AND WANT TO KNOW MORE?

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