

WIN 2023+ SPV INVESTMENT STRUCTURE

When total investment commitments from WIN members reach \$250,000, funds are pooled together into a single investment - a Special Purpose Vehicle (SPV). WIN members invest in the SPV which invests in the company.

Transaction Example

WIN Special Purpose Vehicle (SPV)

MEMBER 1
\$100,000

MEMBER 2
\$250,000

MEMBER 3
\$160,000

SET-ASIDE: (\$10,000)

COMPANY RECORDS
1 INVESTMENT OF \$500,000

Estimated 3rd Party Fees set aside for SPV:
\$10,000 for SPV administration + Regulatory Filings

Initial Investment into SPV*	\$0.51M
Company Value after Investment	\$10M
Company Sales Price	\$51M
Gross Investment Value (4X SPV GAIN)	\$2.55M
Carried Interest	\$0.33M~
Net Investment Value	\$2.22M~
Return on a \$10K investment	\$43.5k~

WIN SPV CARRIED INTEREST

Gain	< 0.5X	0.5X - 2X	2X - 4X	> 4X
Carried Interest	12.5%	15%	18%	20%

FAQS

Are there any management fees? WIN members are not charged management fees for the SPVs.

Are 3rd party administrative fees one-time or annual? The expense set-aside (estimated at \$10k) is a one-time allocation to cover the administrative expenses (fund administration, legal, & tax) of the SPV.

What happens if the expense set-aside is consumed? While not expected, it is possible that SPV expenses eventually could exceed the set-aside. In such case, three options exist: (i) SPV investors agree to cover the expenses pro rata of their SPV interest, (ii) the SPV borrows funds from the general partner to cover expenses, or (iii) the SPV is liquidated and the assets are distributed to the SPV investors.

What is carried interest? Carried interest is a share (%) of profits paid as incentive compensation to managers of private equity funds and special purpose vehicles (SPVs).

How is carried interest calculated for WIN SPVs? See the chart above. Carried interest on gains is calculated progressively. As an example, a 4X gain would be 12.5% of 0.5X + 15% of 1.5X + 18% of 2X = 0.6475X for an effective carried interest of ~16.2%.

What happens to any WIN/Harbright SPV if Harbright winds up or no longer acts as WIN's third party manager? Should Harbright no longer act as WIN's third party partner, Harbright will continue as the GP of all previously established SPVs until the underlying asset(s) are disposed of (i.e., the company sells). Should Harbright no longer exist, a replacement manager will be selected for each SPV.

Are WIN investments part of a fund or does each investment stand alone? WIN is not a fund, but is a network that presents individual investment opportunities in NC State related companies.

What is the WIN investment structure for companies not funded via a WIN SPV? When aggregate investment commitments from WIN members do not meet the WIN SPV threshold, typically WIN members invest via a WIN voting trust where each member holds an individual position on the company's cap chart.

Who is the general partner of the SPV? Harbright Investor Network, LLC (Harbright) is the general partner of each WIN SPV. Harbright is WIN's third party investment partner.

Disclaimer: Each SPV will be governed by its own agreement, which will be available for review prior to investment. The terms of a specific SPV may vary from the examples above or FAQs. All investments through the Wolfpack Investor Network are at the discretion of each member.