

Case Study: Financing GP Commitments to Continuation Vehicles

Transaction Context

A lower middle-market private equity sponsor with a strong track record of performance had reached an exciting inflection point in its growth.

A healthcare platform in the Sponsor's second flagship fund had scaled materially through a buy-and-build strategy, achieving a double-digit multiple of invested capital to its investors, and was positioned for significant further growth. To capitalize on that opportunity while also providing a liquidity option to existing LPs, the Sponsor pursued a single-asset continuation vehicle. Capitalization of the CV included \$200 million of unfunded commitments to continue the platform's buy-and-build strategy.

The continuation vehicle represented a significant step change in scale, with total capitalization approximately five times the size of the Sponsor's original Fund II. As part of the transaction, the Sponsor committed meaningful capital alongside new investors, reinforcing alignment and long-term conviction in the asset.

Capital Planning Considerations

Given the size of the CV relative to the Sponsor's total assets under management, the GP evaluated how best to fund its share of the \$200MM of unfunded commitments while maintaining flexibility across its broader business. While the GP's commitment underscored strong alignment, funding its portion of the deal solely from internal resources would be tax inefficient and reduce its ability to deploy capital across future funds and the management company.

The Sponsor therefore sought a financing solution that would:

1. Fund GP commitment obligations in the continuation vehicle
2. Avoid encumbering the management company, ultimate general partner, or future funds
3. Preserve balance sheet flexibility for strategic initiatives
4. Align with the long-term duration and economics of the underlying investment

ORIX USA Solution

ORIX USA structured a \$20.0 million delayed-draw GP financing with mechanics designed specifically for the situation:

FLEXIBILITY

- Draw timing aligned precisely with CV capital calls
- Duration matched to the underlying CV investment horizon
- No acceleration tied to GP performance or future fundraising

PLATFORM PROTECTION

- Limited recourse structure
- Primary collateral: the Sponsor's equity interest in the CV
- No encumbrance of the management company

ECONOMIC ALIGNMENT

- Non-dilutive to the GP: pricing reflected the quality of the underlying asset
- Structure recognized the Sponsor's rapid growth and track record

Outcome & Strategic Impact

The financing enabled the Sponsor to preserve flexibility at the management company while maintaining its full commitment to the continuation vehicle. The Sponsor's reinvestment drove strong alignment within the transaction, supported a successful execution, and attracted blue-chip institutional investors—expanding the Sponsor's AUM and fee base while providing incremental capital to support continued growth of the underlying healthcare platform.

The execution of the continuation vehicle, together with the Sponsor's reinvestment, further reinforced its track record with investors. Increased visibility into realized returns and scaled execution has contributed to strong fundraising momentum, with the Sponsor's subsequent fund progressing meaningfully ahead of prior vintages.

By providing a tailored GP financing solution, ORIX USA supported a transaction that generated durable benefits across the Sponsor's platform and positioned the firm for its next phase of growth.

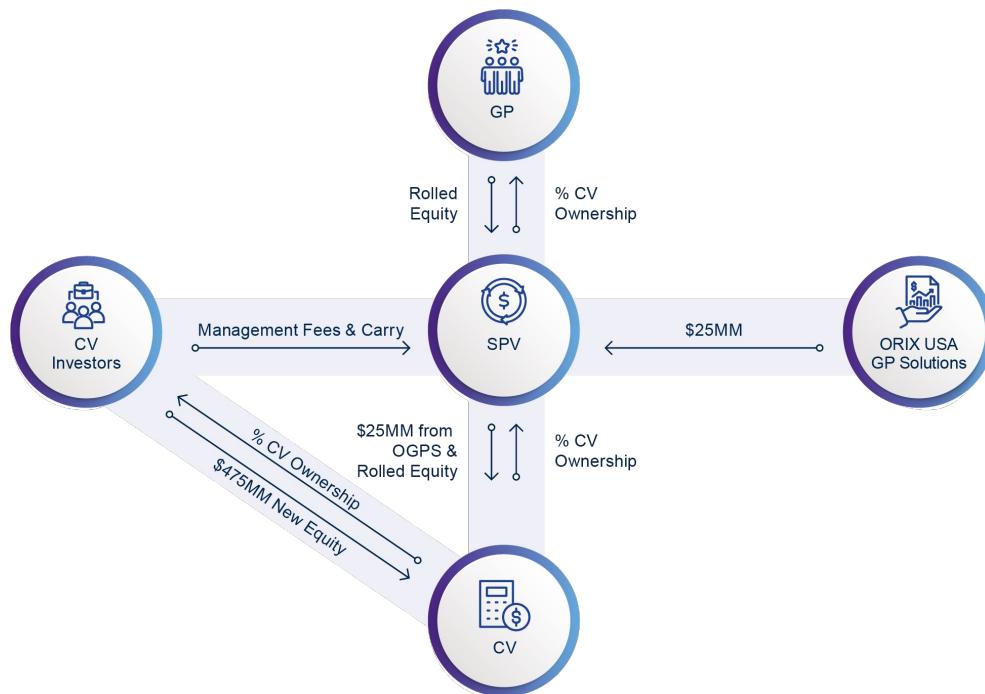
APPLICABLE USE CASES

The structure is well-suited for GPs that are:

- Scaling rapidly following strong performance
- Utilizing continuation vehicles or large single-asset transactions
- Seeking to enhance GP commitment levels while preserving platform flexibility
- Looking for non-dilutive, limited-recourse financing solutions

Please see below for an illustrative transaction structure financing a GP commitment to a continuation vehicle.

Transaction Structure Financing a GP Commitment to a Continuation Vehicle



1. GP launching \$500MM CV to acquire one or more existing assets from existing Fund
2. GP desires to finance an outsized commitment to the CV to demonstrate alignment with potential CV investors and benefit from leverage
3. ORIX USA GP Solutions finances \$25MM GP commitment to CV via customized facility leveraging one or more GP value streams
 - a. NAV of GP interest in CV
 - b. Management fees generated by CV
 - c. GP commitment to prior funds
4. Highly-bespoke structure to meet specific objectives of GP on an accretive basis

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