



Case Study: Structured Liquidity Solution for Lower Middle-Market Buyout Manager

Transaction Context

An established lower middle-market buyout manager ('Sponsor') held a minority interest in a portfolio company controlled by a much larger private equity firm associated with a legacy strategic acquisition. When the company was recently sold to a continuation vehicle ('CV'), the Sponsor elected to sell its interest in the portfolio company, receiving 50% of proceeds net of CV fees and expenses at closing, with the balance payable as a contractually fixed deferred payment obligation ('Receivable') of the CV post-closing.

While the deferred purchase price was contractually defined and not contingent on portfolio company performance or exit timing, the deferral created a timing mismatch relative to the Sponsor's objective to accelerate liquidity and distribute capital to limited partners within the two funds that owned the legacy portfolio company interest.

Capital Planning Considerations

The Sponsor evaluated alternatives to monetize the deferred payment, including raising financing against the Receivable, exploring secondary market solutions, and holding the Receivable to maturity. Each alternative presented trade-offs related to timing, complexity, and execution risk.

The Manager therefore sought a solution that would:

- Accelerate liquidity associated with the deferred payment
- Maintain certainty of realization proceeds
- Avoid reliance on asset performance, exit timing, or market conditions
- Deliver execution certainty with a short, predictable closing timeline

ORIX USA Solution

ORIX USA provided a structured liquidity solution to monetize the deferred payment, acquiring the Receivable on a true-sale basis and obtaining direct contractual rights aligned with the CV documentation, enabling efficient execution and a predictable outcome for all parties.

The bespoke solution, which recognized the quality and creditworthiness of the institutional counterparties anchoring the CV, was underwritten and closed on a faster timeline than typically exhibited by alternatives such as a secondary sale of the portfolio company interest. This was underpinned by ORIX USA's role as the sole capital provider in the transaction which eliminated syndication risk and enhanced speed of execution.

Outcome & Strategic Impact

The transaction enabled the Sponsor to accelerate payment of the deferred portion of CV proceeds to its limited partners prior to the end of the life of its managed funds. By monetizing the deferred consideration on a non-performance-dependent basis, the solution delivered certainty of proceeds without introducing incremental structural complexity or execution risk.

The transaction demonstrated ORIX USA's ability to deliver bespoke, flexible capital solutions within the continuation vehicle market and underscores ORIX USA's role as a strategic partner to private markets investors pursuing creative liquidity solutions.

Outcome & Strategic Impact (continued)

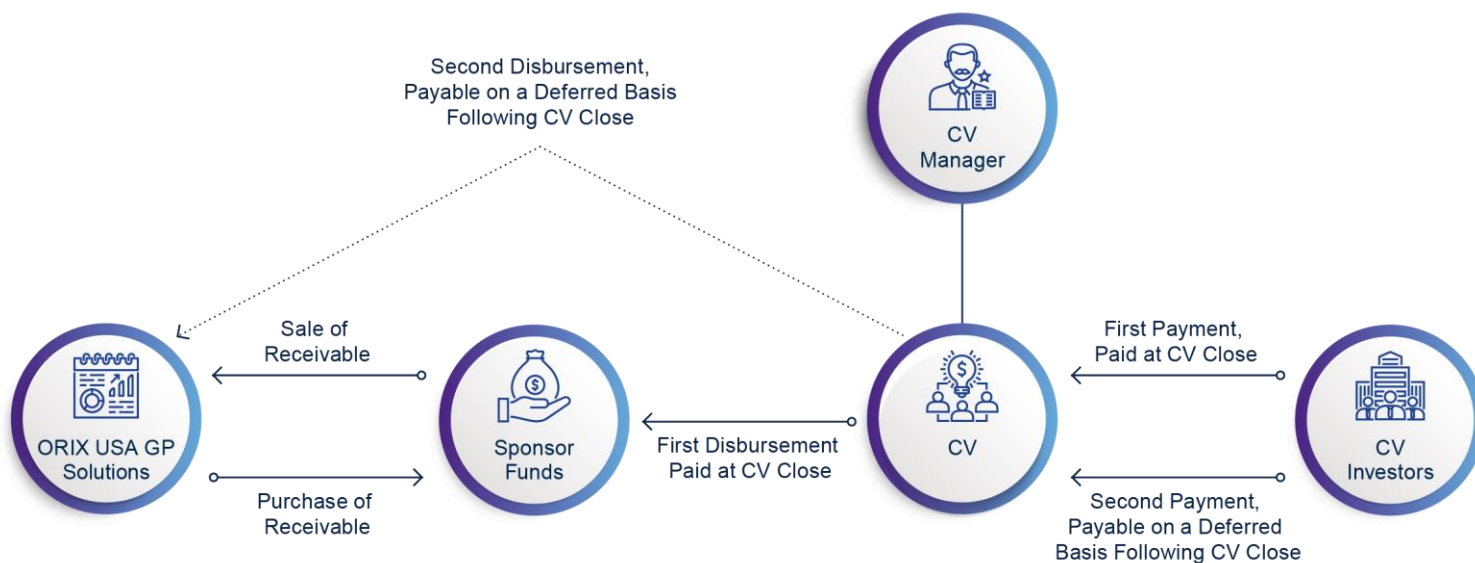
APPLICABLE USE CASES

This structure is well-suited for private markets sponsors and limited partners that are:

- Seeking to accelerate liquidity of deferred proceeds received in connection with a continuation vehicle transaction, including after electing a liquidity option
- Looking to monetize a portion of transaction proceeds subject to deferred purchase price mechanics
- Prioritizing speed, execution certainty, and limited structural complexity

In addition, this structure may also be utilized by private markets sponsors to offer an optional liquidity solution to limited partners as part of the election process during a continuation vehicle transaction.

Transaction Structure: Structured Liquidity Transaction to Monetize the Deferred Portion of Continuation Vehicle Proceeds



1. Sponsor elected to receive liquidity following the sale of a portfolio company interest to a continuation vehicle, with transaction proceeds payable 50% at closing and 50% post-closing
2. Sponsor seeks to monetize the deferred portion of the continuation vehicle proceeds to accelerate liquidity to its limited partners
3. ORIX USA GP Solutions acquires the deferred portion of the continuation vehicle proceeds on a true-sale basis, enabling the Sponsor to provide liquidity to its limited partners
4. Highly bespoke solution to meet specific liquidity objectives of the Sponsor

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