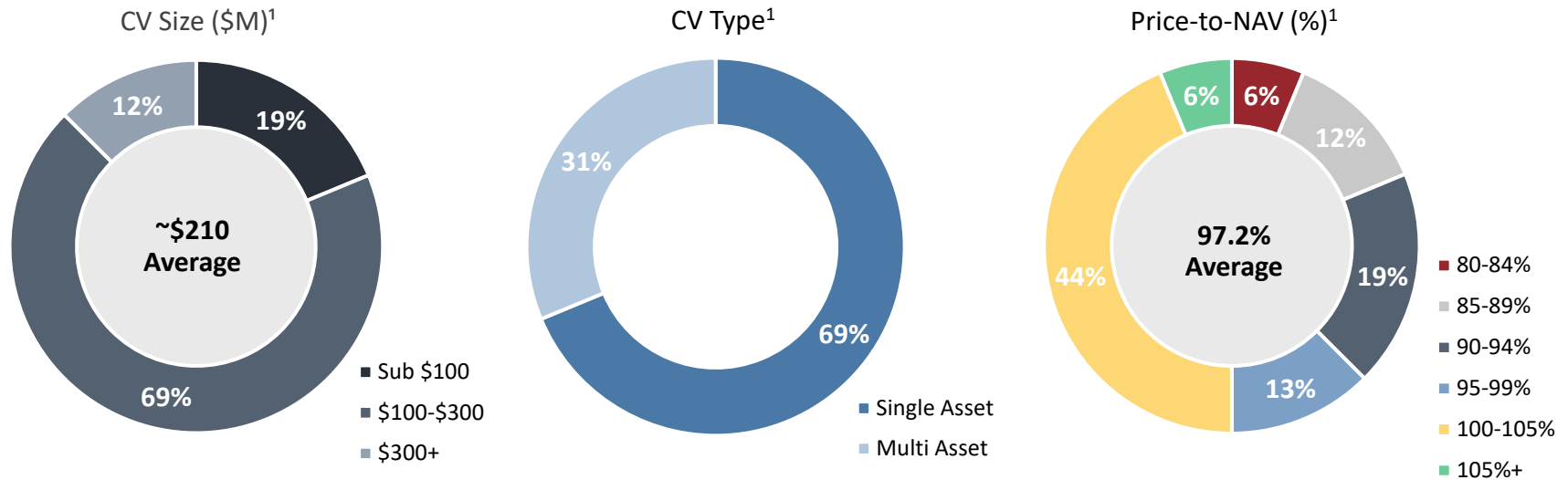


Continuation Vehicle Terms Analysis

HARRIS WILLIAMS – PRIVATE CAPITAL ADVISORY

Summary Market Analysis for Continuation Vehicles (“CVs”)



Over the past 3 years, Harris Williams PCA Capital Solutions team has successfully executed on a range of continuation vehicles (“CVs”) within the mid-market space across a wide range of industries

Single-asset CVs accounted for the vast majority of the deals across 2020 to 2022, while 2023 was dominated by multi-asset CVs, though still highly concentrated portfolios

The pricing to NAV of closed transactions across 2020 to 2023 on average was c. 98%, whereas 2023 dipped to an average pricing of c. 93%

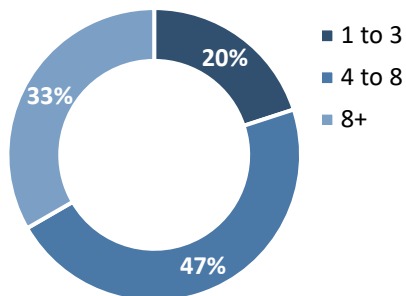
Harris Williams PCA Capital Solutions team engaged and closed commitments from 80 secondary buyers and syndicate LPs across the closed deals

Single-asset and multi-asset vehicles often aimed to solve a wider range of needs, whether it be accelerating LP liquidity, extending duration for companies with visible runway, funding transformation acquisitions, or a combination of all three

1) From SACVs and MACVs closed by PCA in the 2020-2023 period

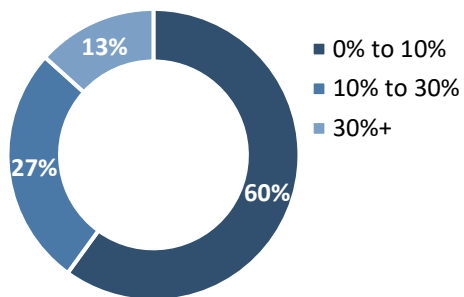
Capital Raise Composition

Number of Buyers¹



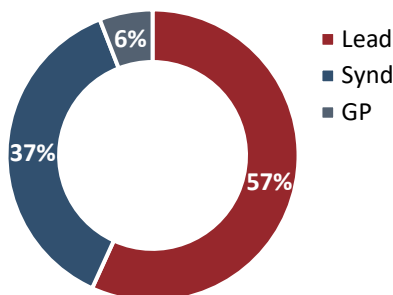
- › Majority of the closed deals required less than 10 LPs to commit to the transaction
- › A key trend is the increased participation of the GP's latest fund in HW-advised single-asset CVs, namely, from ~20% to ~70% from 2021 to 2023
- › Over the past 12-18 months, transactions have required additional commitments from syndicate investors as the lead investors have reduced their average ticket size

Legacy Fund LP Rollover¹



- › LPs are prioritizing liquidity and forgoing rollover options
- › 87% of HW-advised CVs saw less than 30% rollover by legacy LPs
- › This shows that, even for prized assets, the vast majority of LPs elected to receive cash, leaving adequate capacity for new investors to partake in the transaction

Average CV Fund Composition¹

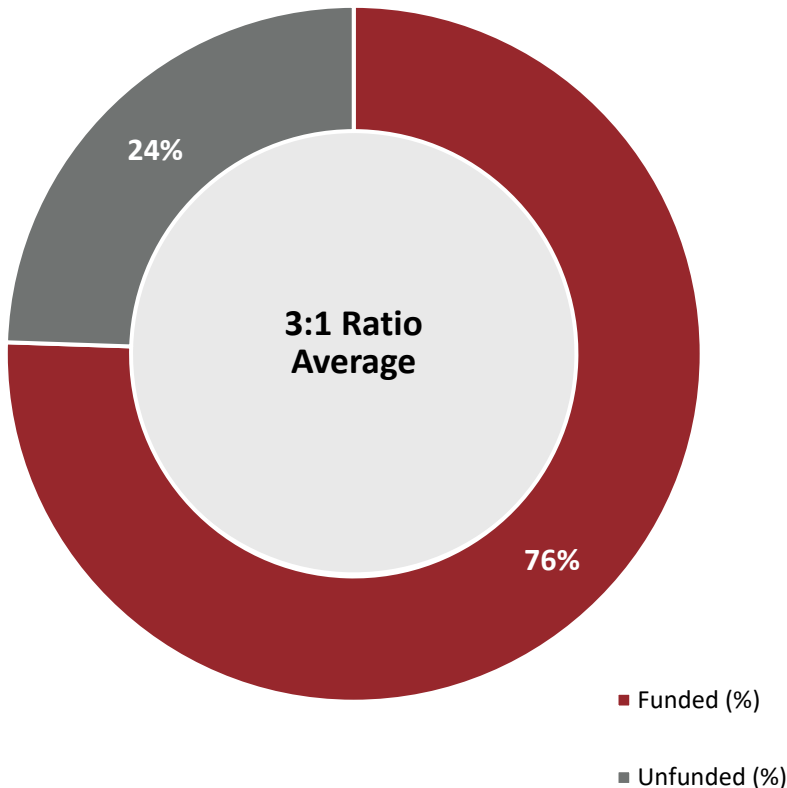


- › Offering CVs continues to serve as an effective incentive to introduce new investors to GPs
- › The role of lead buyer is often taken by an established secondary or fund of funds player, syndicates include a wider range of LP types, including public pensions, family offices, insurers, and endowments

1) From SACVs and MACVs closed by PCA in the 2020-2023 period

Funded vs Unfunded Trends and Price to NAV

Funded / Unfunded (%)¹

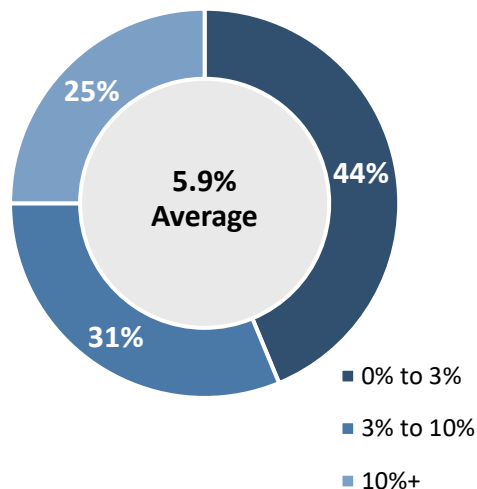


- › The CVs typically provide an opportunity to upsize a manager's stake in the assets via follow-on investment and/or buyout of minorities or fee-free co-investors
- › In most cases unfunded capital was only charged a management fee once invested, in contrast to a typical fund
- › Secondary investors tend to be more comfortable with unfunded components when provided with concrete capital deployment schedules, especially when outlining short term draws on the unfunded component

1) From SACVs and MACVs closed by PCA in the 2020-2023 period

GP Commitment Insights

Total GP Commitment¹



The GP's commitment to the final vehicle can vary depending on the rationale and the situation of the transaction, however, the average was c. 5%

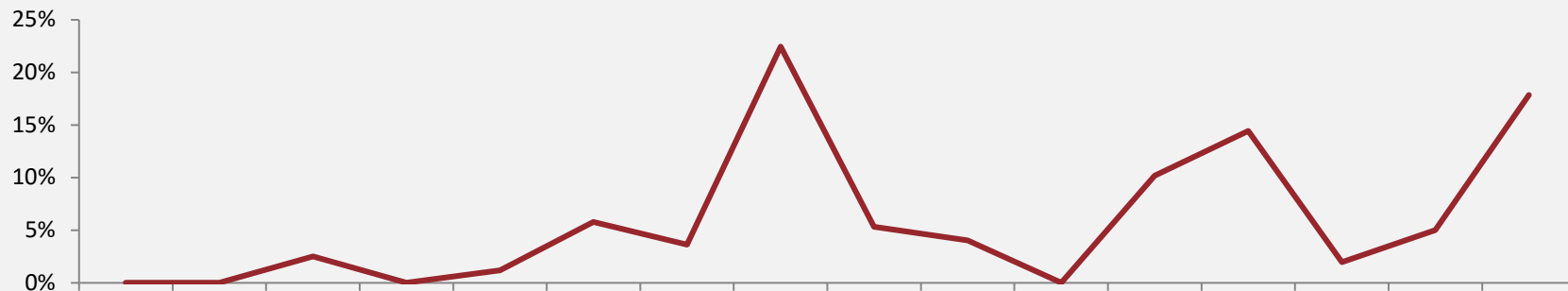
This is typically sourced from carry crystallized as a result of the SPV's purchase of asset(s) though a cash commitment can be used to top up, where cash has been taken off the table

Full carry rollover remains the most common position in these transactions, but certain deals involve an element of cash-out for ongoing carry holders where the rationale is clear

In others it is purely a marketing tool that the GP has good faith in the asset and wants to leverage the realigned economics to potentially realize substantial gains

Over the past 18 months, the average GP commitment % in CV transactions has increased in response to widening bid-ask spread and the more challenging market, which has driven more scrutinous terms for the GPs

GP Commitment % Over Time in Harris Williams PCA CVs



1) From SACVs and MACVs closed by PCA in the 2020-2023 period

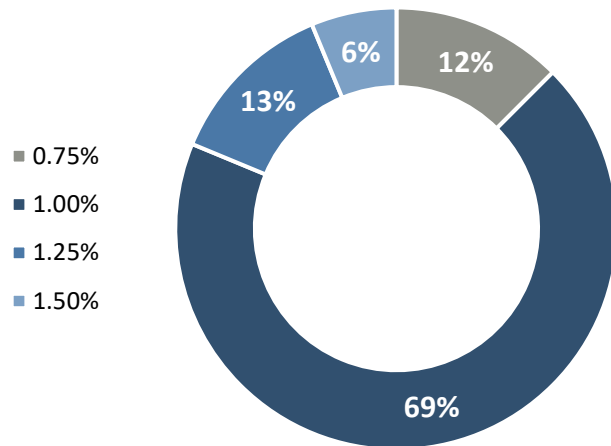
Empirical GP Terms in HW-Advised CVs

Average CV Management Fee¹

1%

- › Management fees have largely remained at 1% as a market standard with minimal deviation
- › In number of situations if the GP has majority of the team managing the CV and its underlying asset(s), the management fee may be higher and vice versa

Management Fees

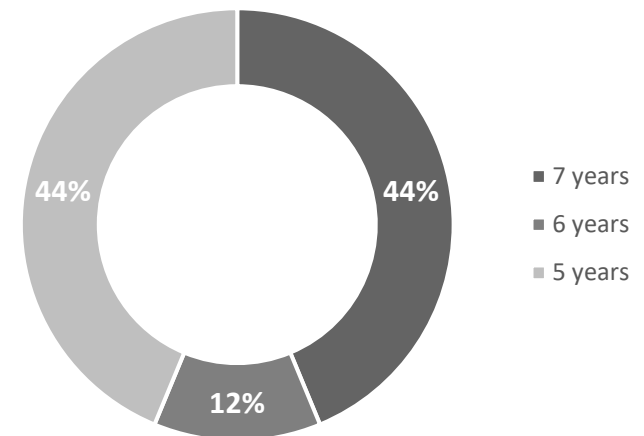


Average CV Term Length^{1,2}

6 years

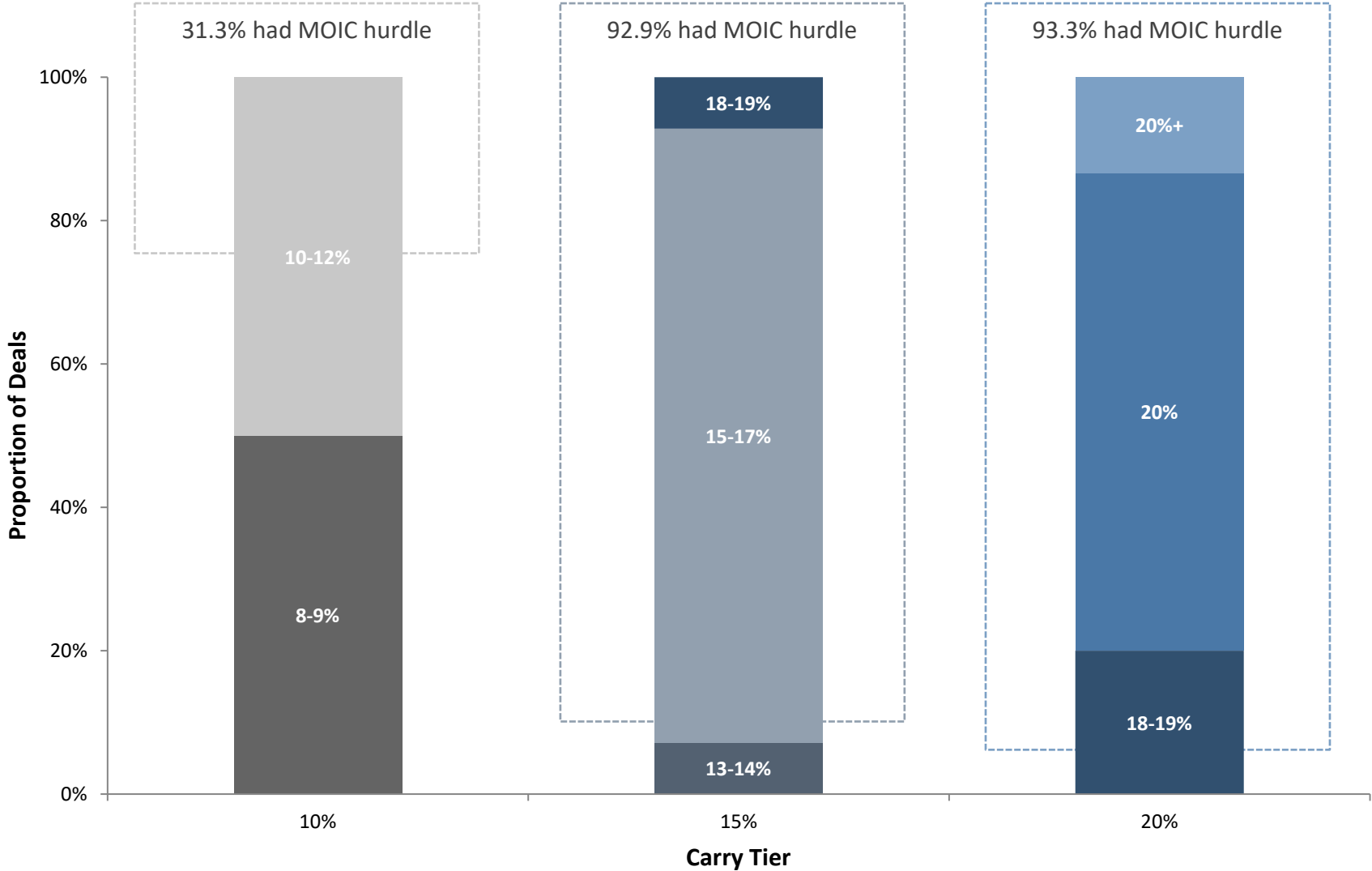
- › The vast majority of CVs feature two 1-year extensions, typically with one at the GP's discretion and one at the LPAC's discretion
- › No significant difference between average term lengths between single and multi-asset vehicles

Term Length Breakdown



1) From SACVs and MACVs closed by PCA in the 2020-2023 period
2) Including any extensions subject to approval by GP and LPAC

Preferred Return Hurdles by Carry Tier¹



1) From SACVs and MACVs closed by PCA in the 2020-2023 period

Use of RWI, Fairness Opinion, and Debt Refi

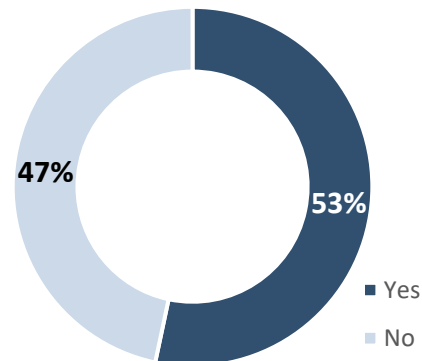
Reps and Warranties Insurance (RWI)

- › In a CV, the new LPs typically require standard M&A style, reps, warranties and indemnities from the selling entities, which historically would be backed by a portion of the proceeds from the transaction being held back or placed into an escrow account for up to one year or more
- › In the U.S. and European markets the use of Reps and Warranties insurance (RWI) in CVs has increased significantly since 2020 in order to permit a full pay-out of proceeds to LPs
- › 100% of recent Harris Williams executed CVs have made use of RWI

Fairness Opinion

- › Independent fairness opinions help GPs to demonstrate that they executed their fiduciary duty of care, acted in good faith, and conducted appropriate due diligence in connection with the transaction
- › Often provides additional comfort to the existing LPs that the asset price received from the secondary market is fair
- › Contact our senior professionals to learn more about our experience advising clients on fairness opinions

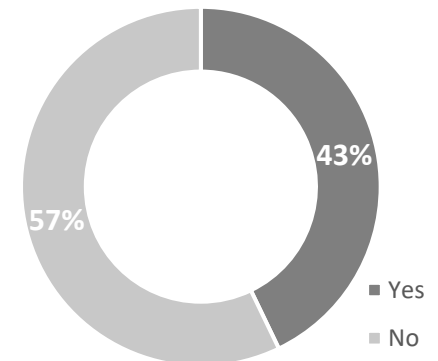
CV Usage of Fairness Opinion¹



Debt Refi

- › Concurrent debt recapitalization as part of CV transaction helps to fortify the balance sheet of the asset(s) and optimize the equity returns
- › Can moderately add complexity and execution risk to the CV closing, but has been a strong precedent for secondary investors participating in transactions with this dynamic

CV Usage of Debt Refi¹



1) From SACVs and MACVs closed by PCA in the 2020-2023 period



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- Primary fund placement
- GP-led secondary solutions
- Portfolio company equity and debt financings
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HW CORE PRINCIPLES



10 Global Offices Across the U.S. and Europe



8

Industry Groups with deep sector expertise

30+

Year firm history

87%

MDs promoted from within firm

75%

Revenue from repeat clients

90%

Revenue from sell-side transactions

Harris Williams Delivers Best-in-Class Continuation Vehicle Advisory

HARRIS WILLIAMS COMBINES INDUSTRY AND PRIVATE CAPITAL ADVISORY EXPERTISE TO DELIVER BEST EXECUTION OF CONTINUATION VEHICLE ENGAGEMENTS AND OTHER PRIVATE CAPITAL TRANSACTIONS

M&A Advisory

- ✓ Leading sell-side investment bank focused on **mid-market sponsor backed** deals
- ✓ Deep industry expertise across **8 industry groups**
- ✓ Experts at crafting customized solutions to identify the **best partners**



Capital Solutions

- ✓ Deep structuring expertise to solve for new capital and alignment, completed more than **45 GP-led / \$9bn of equity capital**
- ✓ Experts in realizing attractive value for existing investors seeking liquidity
- ✓ Intimate knowledge and strong relationships with secondary investors and Limited Partners globally



Primary Fund Placement

- ✓ Integrated model with leading placement agent platform (**+\$25bn of capital raised**) drives greater Limited Partner touchpoints with **+1,250 relationships** in the market
- ✓ Full suite of private fundraising solutions – seamlessly manages a variety of fundraising services
- ✓ High-touch, senior-level interactions differentiate service



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