

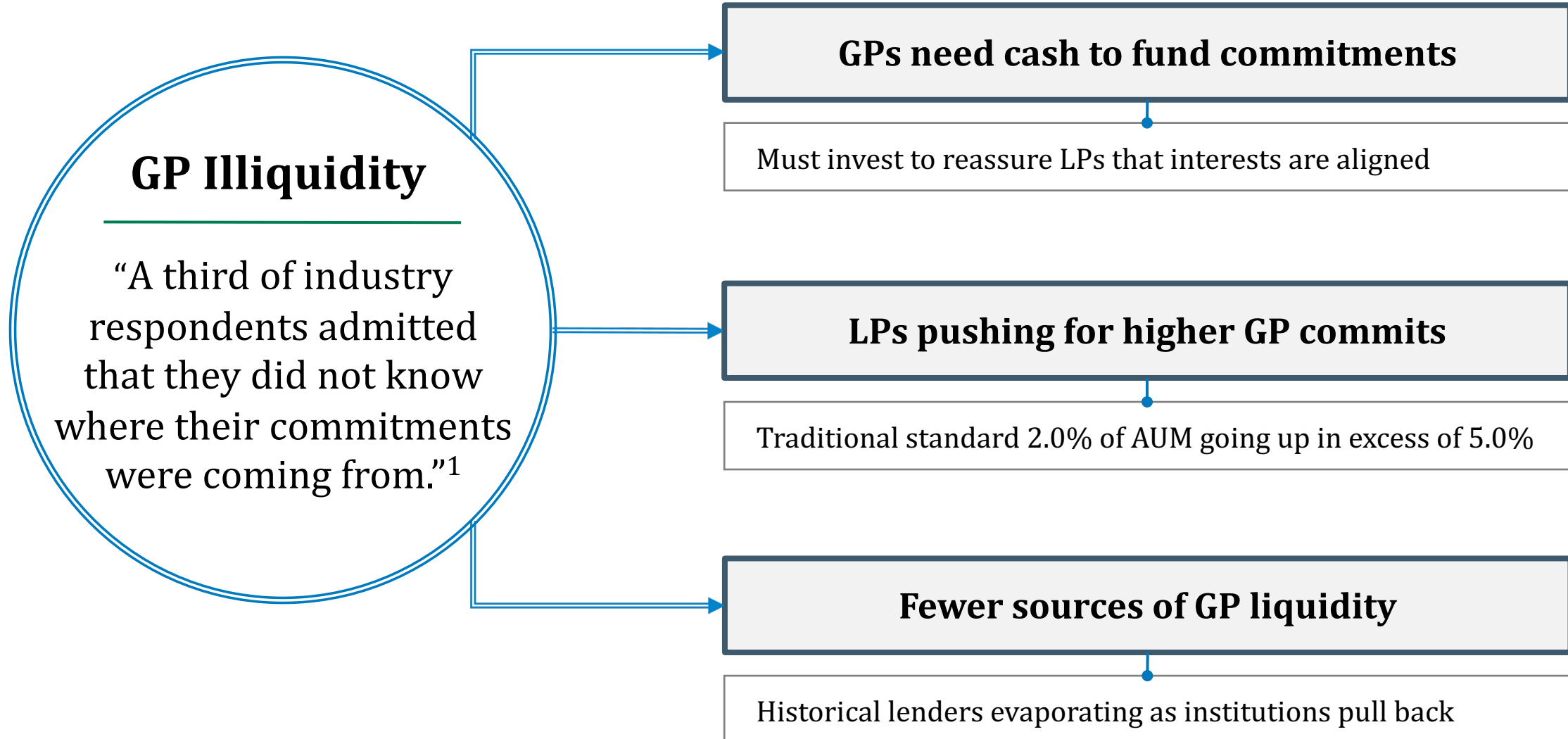


Henry Capital

Liquidity for PE Partners

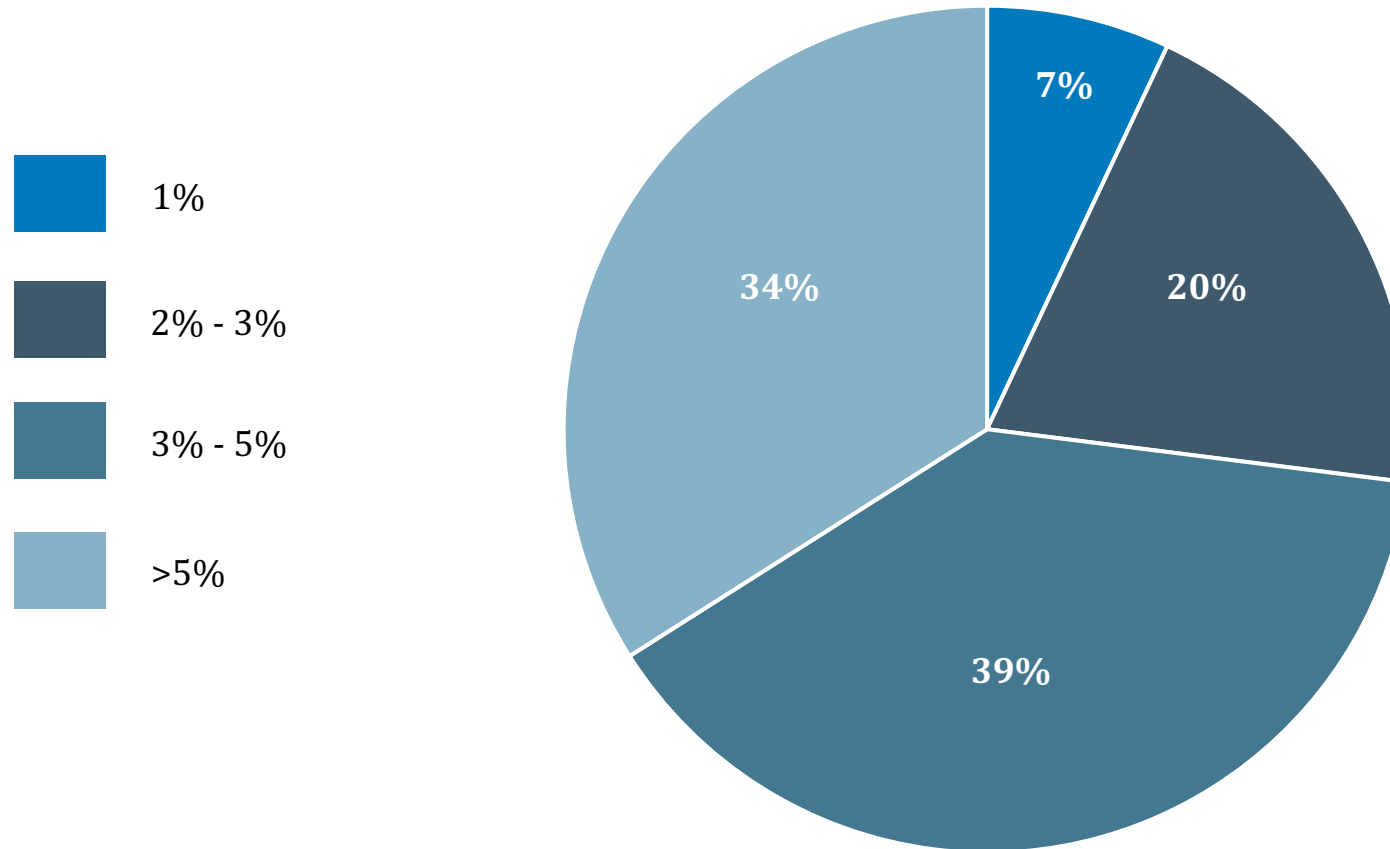
October 2023

GPs Need Cash for Skin in the Game



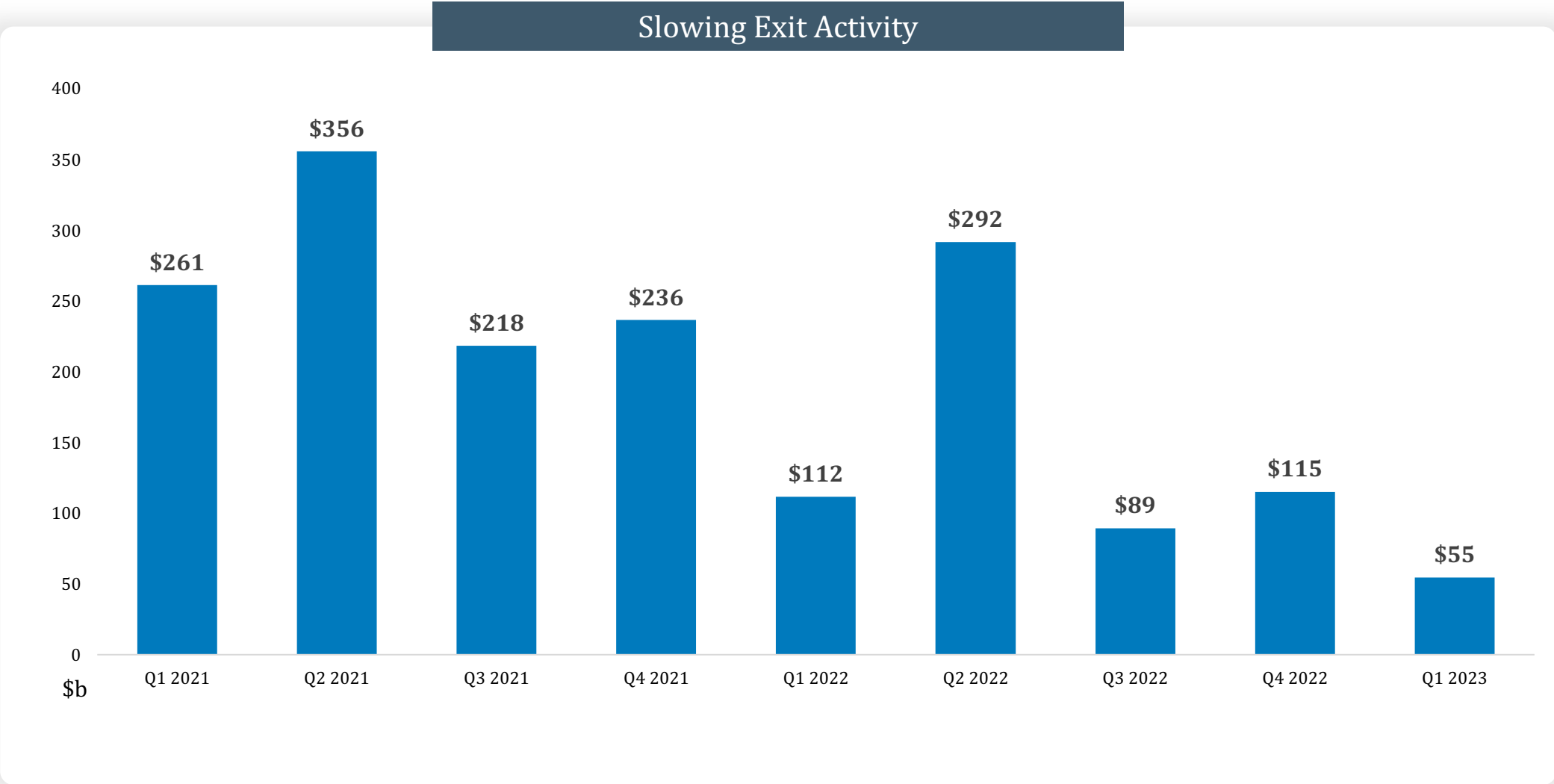
LPs Pushing Higher GP Commits

Investors' Preferred GP Commit



**73% of LPs
prefer > 3.0%
GP Commit**

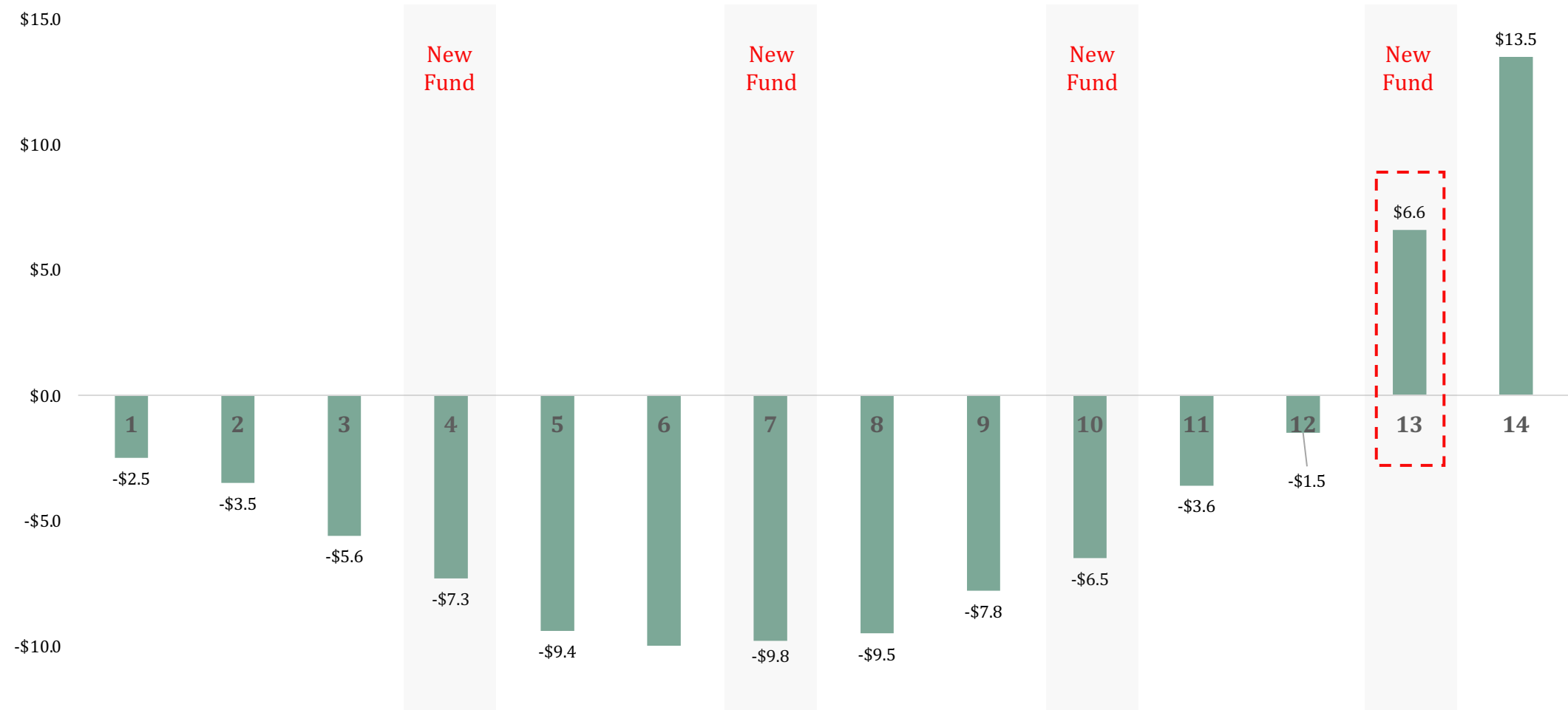
Returns Taking Longer to Realize



GP Commit Cycle Outpaces Exits



GP Cash Flow¹ Across Multiple Funds



Carry Eclipses Commit Return for GPs

Assume: \$100m fund, 2.5x MOIC

- \$4.0m GP commit
- 20% carry over 1.2x capital contributed

GP Investment

- \$4.0m commit -> \$10.0m proceeds (2.5x)
- **\$6.0m profit** (2.5x)

GP Carry

- \$89m profit after 1.2x hurdle (\$115m)
- **\$18m profits interest** (20%)

GPs make 3x more from carry than the return on their commitment at a 2.5x fund.

GPs Willing to Finance Growth

GPs want financing to **help fund commitments** and raise new funds.

Henry enables GPs to **leverage existing investments** and increase skin in the game.

Solution: Preferred Equity Financing

Henry offers immediate liquidity against existing fund investments



Henry takes a preference over subsequent fund distributions

Structure

Cash to individual GP employees

Against all fund distributions¹

- Up to **50% of their paid-in capital**
- Henry gets a **75% preference** until hurdle
- **Cross-collateralized** by new & old investments

Benefits

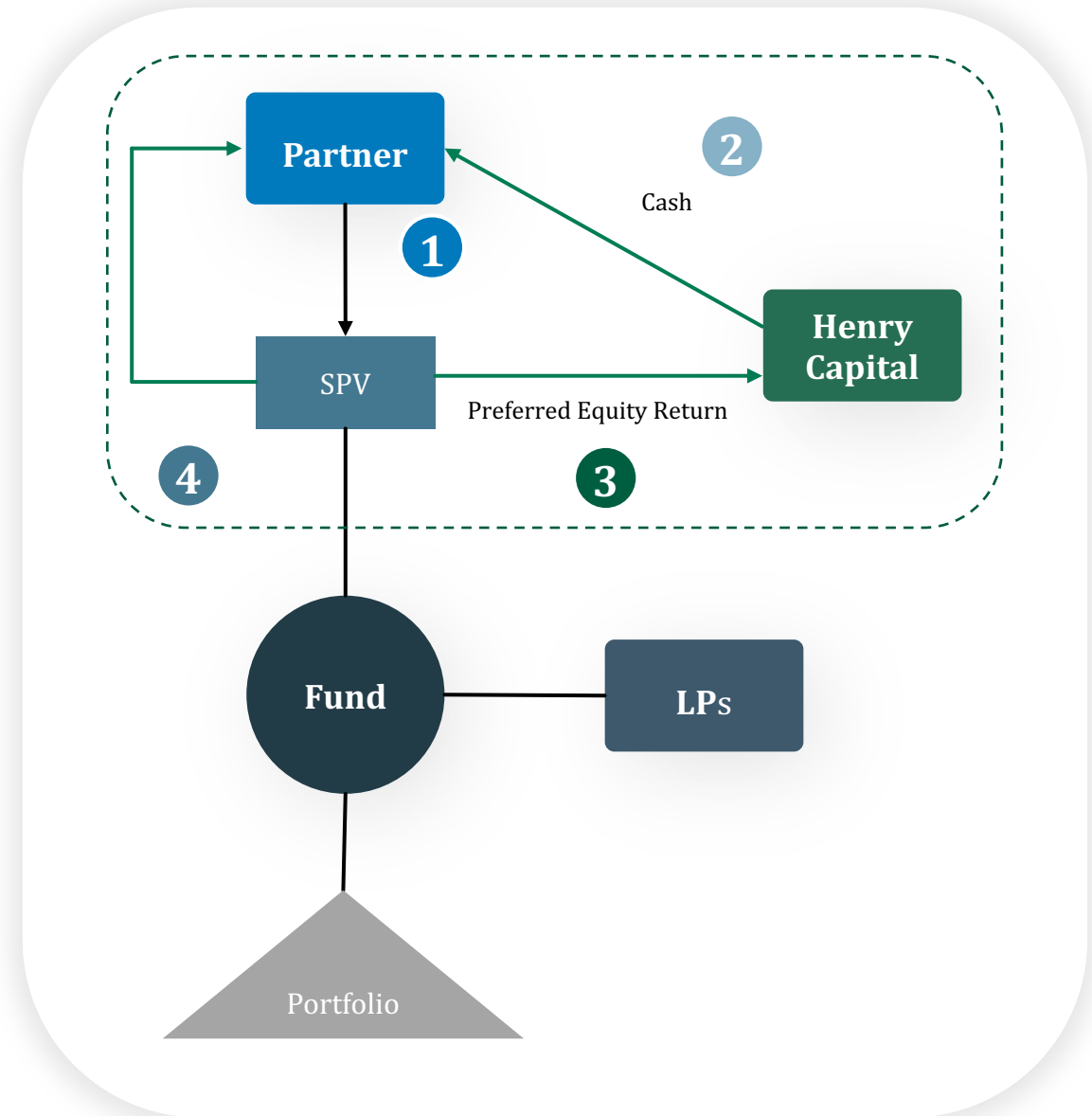
Maintain asset ownership

Non-cash interest expense

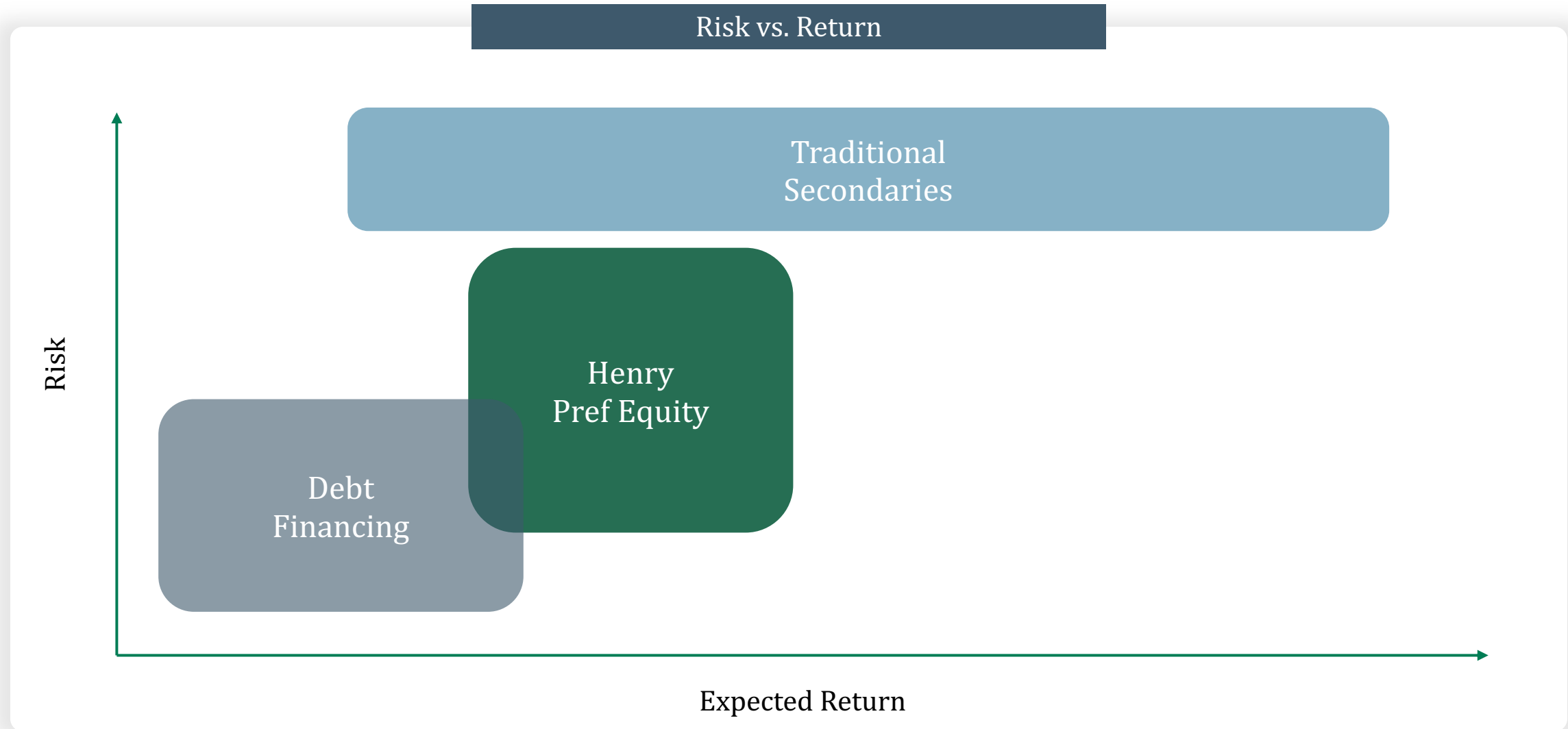
- **Non-dilutive** financing that self liquidates
- **No cash payments** until liquidity event
- Incentive structure **maintains LP alignment**

How Pref Equity Works

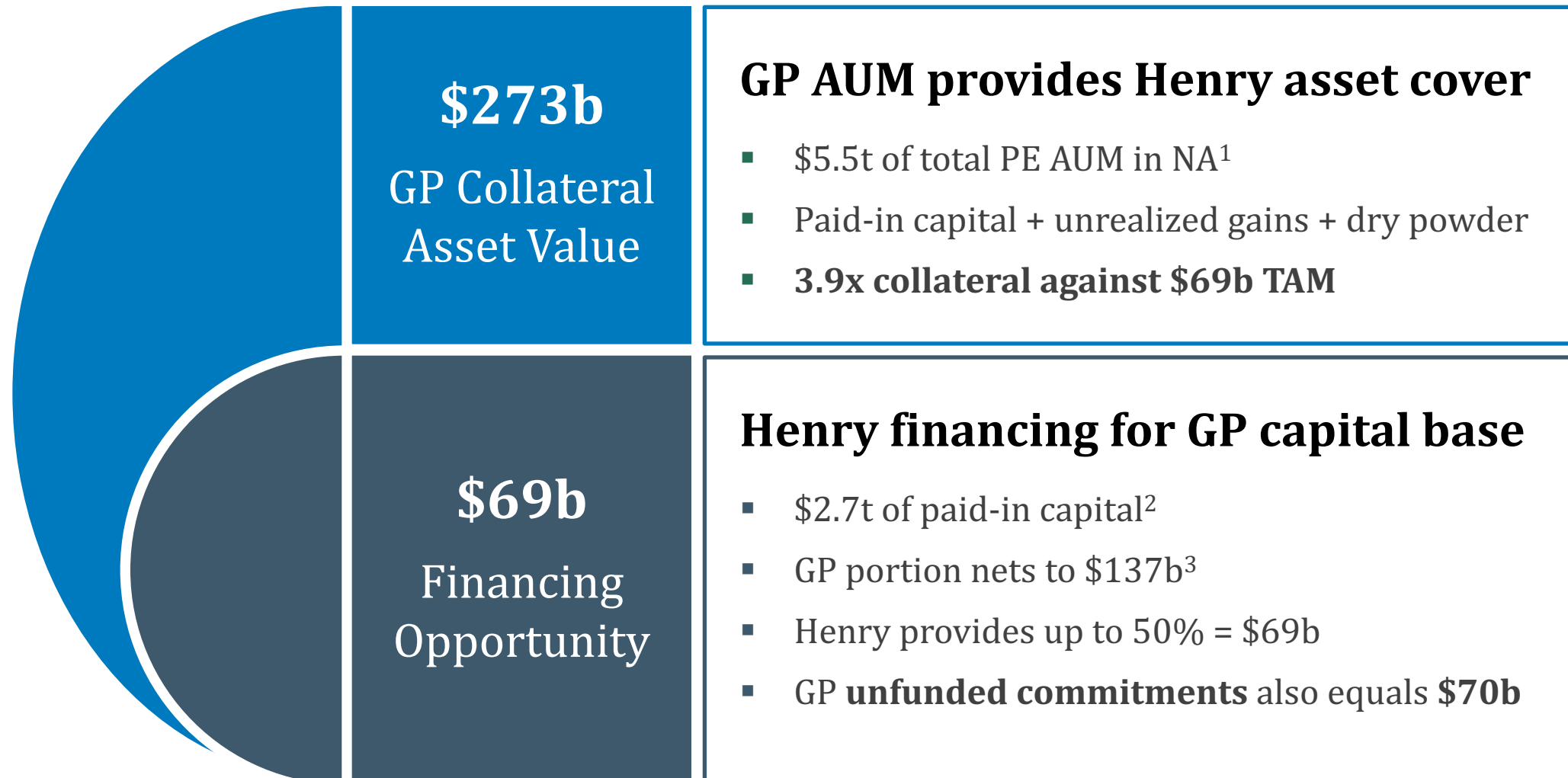
- ① **Partner assigns economics to SPV**
 - Ultimate beneficial owner unchanged
- ② **Henry purchases preferred interest in SPV**
 - Cash distributed to partner
- ③ **Henry receives priority in distributions**
 - 75% of proceeds until repaid
- ④ **Preference self-liquidates**
 - Partner receives remaining distributions



High Risk-Adjusted Return for Investors



The North American PE Opportunity



Sources:
Preqin &
Investec,
Dec. 2022

Founding Team



- Investment banking
- Private equity
- HBS second year
- First Henry customer

EVERCORE

GENSTAR
CAPITAL



- Private intelligence
- Public & private equities
- Family office
- CEO of Henry



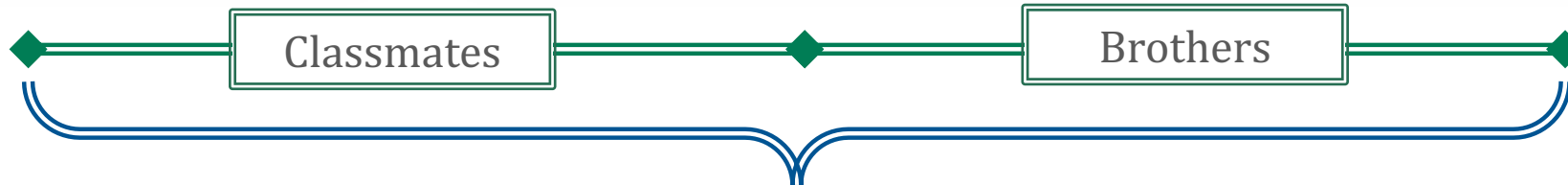
Choptank
Partners



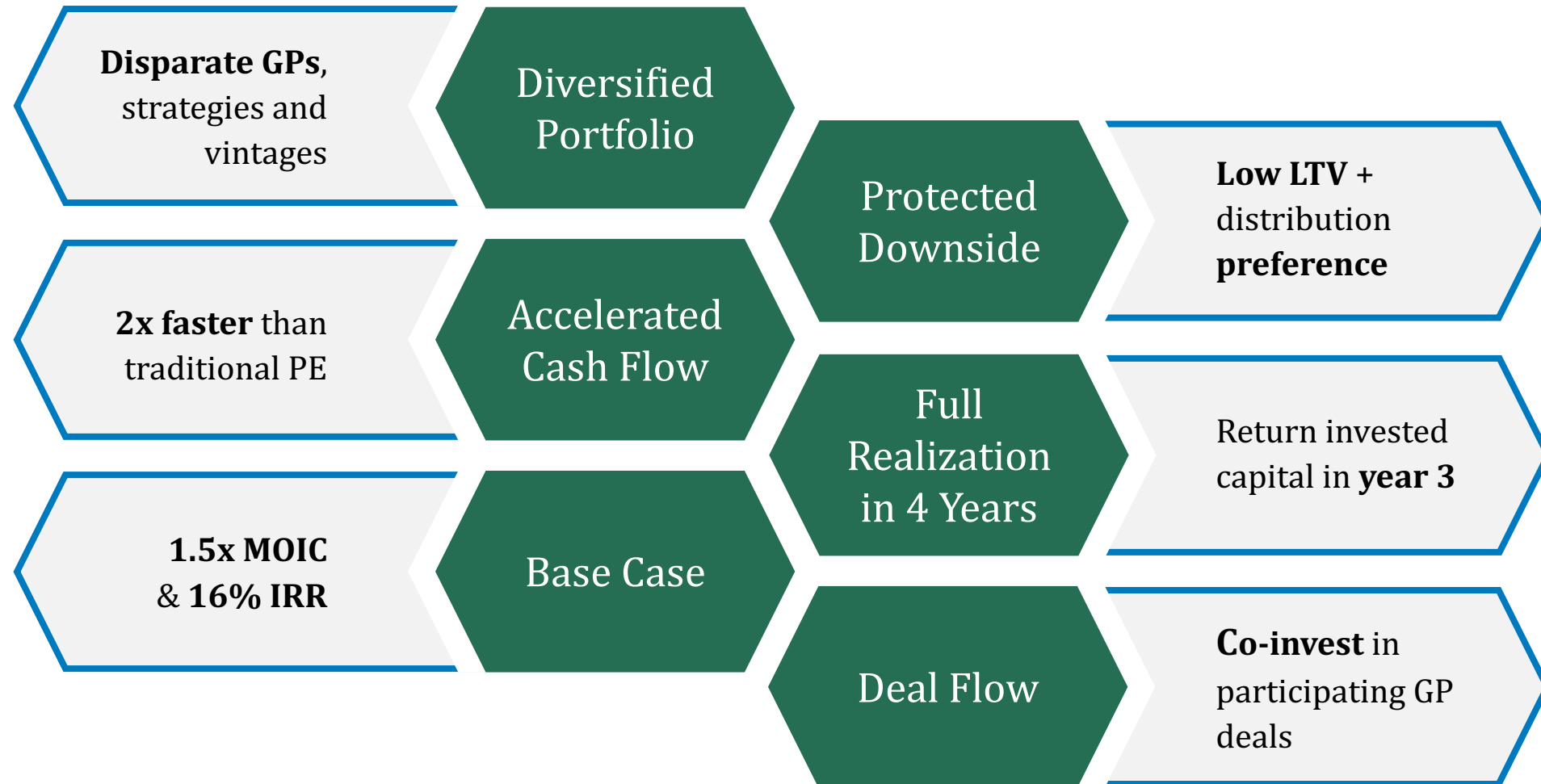
- Venture capital
- Startups
- Special liquidity
- COO of Henry



CHART VENTURE PARTNERS



Why Invest in **Henry**?





Thank You



Contact Us

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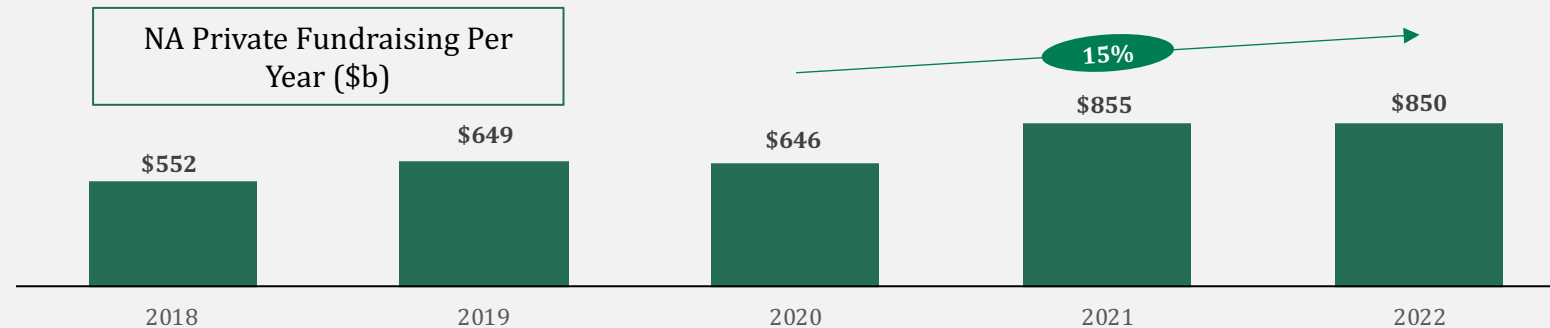
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Sourcing Driven by PE Growth & Market Adoption

GP fundraising drives organic inbounds

- **Henry financing enables additional commitments** (every 3 years on average)



Market Adoption + Network Effects drives GP referrals

- **Domino effect** from past GPs introducing new ones to the network (already happening)
- **Consultants** – a growing industry of experts advising GPs with fund financing solutions **like Henry**

Oaktree believes that adoption for fund financing among GPs will increase from 15% today to 80% by 2030

Sources: Preqin, [Oaktree](#)

Funds Finance is Integral to PE Growth

What the Market is Saying

“I would say the asset-backed area is the greatest area of opportunity today... I'd also say NAV **lending to funds** is another area in the asset backed space where we see **a lot of opportunity.**”

— Jonathan Gray, Blackstone president and COO
(Blackstone's Q1 2023 earnings call)

“Managers are still looking to grow, and with LPs continuing to demand strong alignment of interests, the **pressure on GPs to gain access to funding remains.**”

— Grant Cosby, Investec Head of Fund Solutions
(Private Funds CFO, August 2023)

“A strategic allocation to **fund finance** loans in 2023 and beyond can potentially **provide investor benefits in any market environment.**”

— Institutional Investor
(April 2023)

“Portfolio managers are finding that **capital calls are outpacing distributions...** many are seeking bridge capital from fund finance platforms to **meet their commitments.**”

— Dave Philippe, partner at Crestline
(August 2023)






“PJT partners adds fund finance specialist to secondaries team. The addition reflects a **growing market for fund-level finance.**”

— WSJ
(December 2022)

“**Apollo lining up over \$4B in NAV loans.** With traditional borrowing options drying up, PE firms and private credit firms are increasingly looking for alternative sources of finance”

— Private Equity Wire
(August 2023)

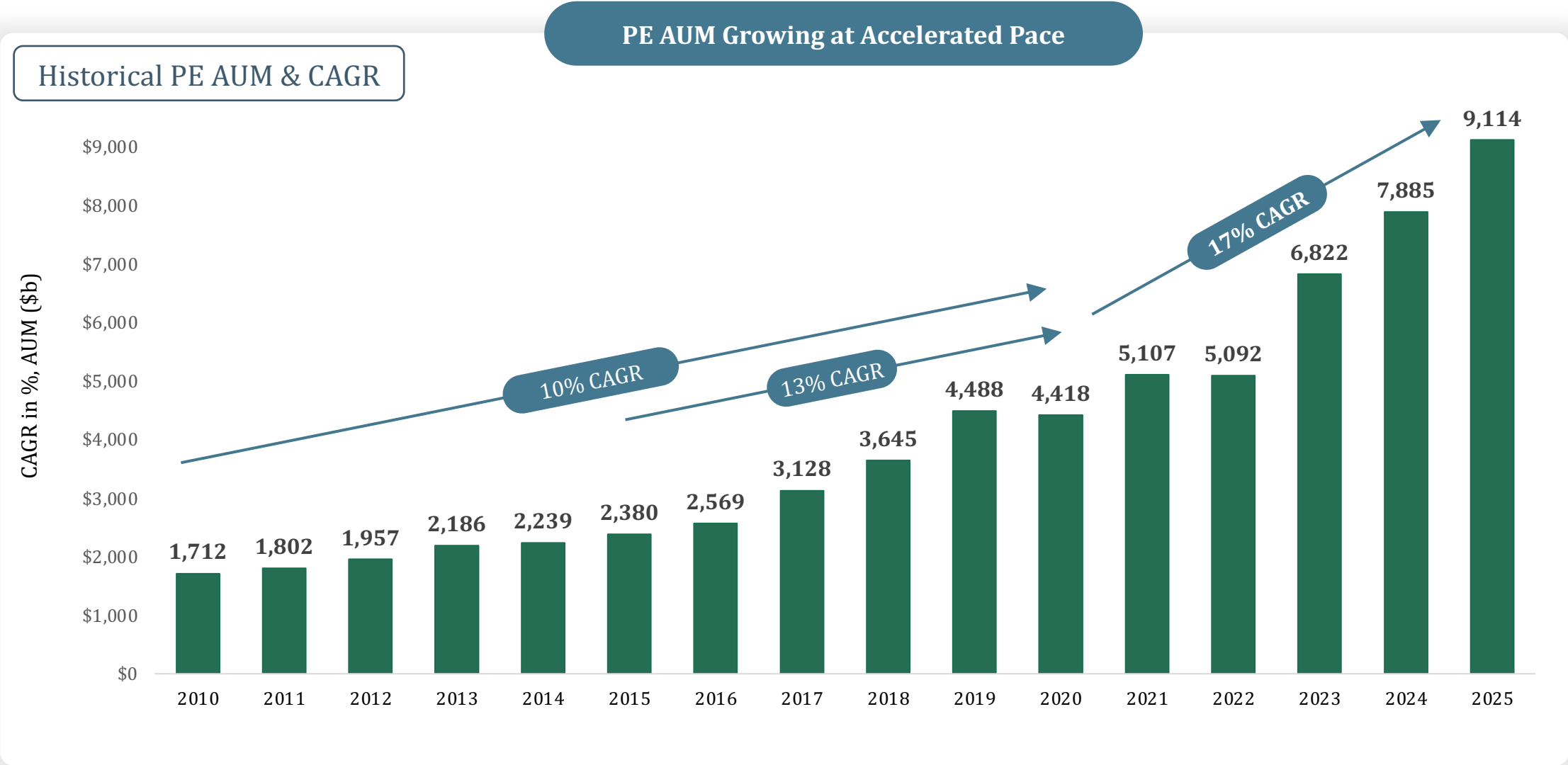
Lenders are Overlooking GPs

Funds Finance			
Liquidity for LPs		Liquidity for GPs	
NAV Lenders	Secondaries	GP Stakes	GP Lending
 <i>Acquired by Oaktree in 2022</i>  <i>Raised first \$4B facility in August 2023</i> 	   <i>Acquired by Ares in 2021</i>	  <i>Operated by Goldman Sachs Asset Management</i> 	 <i>17Capital is building a nascent GP lending unit</i>

Existing Solutions Optimized for LP Liquidity

Strategy	Method	Recipient	Use Case
Secondaries	Sell portfolio stakes	LPs	LP liquidity
NAV Loans	Leverage against fund portfolios	LPs	LP liquidity / juice returns
Continuation Funds	Sell assets into a new fund	LPs	LP liquidity / juice returns
Subscription Lines	Lever against LP commits	N/A (Dealmaking)	Bridge capital calls
GP Stakes	Sell a portion of GP	GPs	Partner succession
Henry	Leverage existing investments	GPs	Increase fund participation

Rising AUM Increases GP Commit



The \$69b Opportunity is Wide Open

Bank lending constrained¹

Pullback after banking sector dislocation

- **High regulatory cost** curtails lending against private assets
- **Raising the bar** w/ focus on UHNW and tightening credit

GP stakes are niche

Seek exposure to large, established firms

- Incumbent approach is **narrow** – only available for sizeable managers
- GPs **reduce LP alignment** by diluting ownership and upside exposure

Fund finance tailored to LPs

NAV loans & secondaries not focused on GP liquidity

- GPs don't want to **sell at a discount** to support unfunded commitments
- **Covenant & valuation intensive**, requiring larger check size minimums