



SOF IV – ILPA 2 scorecard

SOF IV Key ILPA 2 Principles

Alignment of interest

- ✓ – Best practice all-contribution-plus-preferred-return-back-first model
- ✓ – LP favorable clawback provision
- ✓ – 100% transaction & monitoring fees offset General Partner share
- ✓ – Manager equity interest in the Fund (minimum of 1% of aggregate commitments)

Governance

- ✓ – Key man and “for cause” removal provisions protective to LPs’ interests
- ✓ – Supermajority vote of LPs required to reverse automatic suspension of investment period
- ✓ – No Fault Divorce with 66⅔% vote of LPs
- ✓ – Clearly and narrowly outlined investment strategy with appropriate limitations on investment concentration
- ✓ – Advisory Board best practice set-up

Transparency

- ✓ – Comprehensive financial reporting
- ✓ – GAAP and FAS 157 (Topic 820) compliant valuation policy
- ✓ – General Partner share and carried interest disclosure
- ✓ – Detailed due diligence provided

LP = limited partner; ILPA = Institutional Limited Partner Association. The full guidelines can be found at <http://ilpa.org/principles-version-2-0/>.