

Katten

Katten Muchin Rosenman LLP

INDEPENDENT SPONSOR TRANSACTIONS STUDY

(Based on Katten's 2015 Representative Transactions)

Transaction	Type of Equity Sponsor(s)	Equity Sponsor(s) Equity Investment	Independent Sponsor Equity Investment	Promote Interest	Vesting Terms of Promote Interest	Closing Fee	Management Fee
Transaction #1	Mezzanine Lender and Private Equity Fund	\$5.6M	\$580K (rolled closing fee)	20% promote on Equity Sponsor's equity (no catch-up)	Fully vested upon Equity Sponsor receiving return of capital plus 8% IRR on invested capital	\$500K paid to Equity Sponsors \$580K paid to Independent Sponsor (rolled into equity)	5.5% of annual EBITDA capped at \$500K per year split 60/40 between Independent Sponsor and Equity Sponsors
Transaction #2	Mezzanine Lender	\$7.5M	\$500K (rolled closing fee)	6% promote on Equity Sponsor's equity (no catch-up)	Fully vested at closing	\$650K paid entirely to Equity Sponsors (\$500K rolled into equity)	5.0% of annual EBITDA with a floor of \$275K per year Paid entirely to Independent Sponsor.
Transaction #3	Private Equity Fund	\$5M	\$150K (rolled closing fee)	20% promote on Equity Sponsor's equity Independent Sponsor receives \$350K catch-up after Equity Sponsor receives return of capital plus 8% IRR	15% vests upon Equity Sponsor receiving 2.5X MOIC Additional 5% vests upon Equity Sponsor receiving greater than 2.5X MOIC	\$150K paid to Independent Sponsor (rolled into equity)	\$400K per year payable to Independent Sponsor

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Transaction #4	Private Equity Fund	\$2M	None	30% promote on Equity Sponsor's equity (no catch-up)	10% vested at closing Additional 2.5% vests between 1.25X and 1.5X MOIC Additional 2.5% vests between 1.5X and 2.0X MOIC Additional 5% vests between 2.0X and 2.5X MOIC Additional 5% vests between 2.5X and 3X MOIC Additional 5% vests if MOIC greater than 3.0X	\$100K paid to Equity Sponsor \$40K paid to Independent Sponsor	None
Transaction #5	Private Equity Fund	\$5M	\$900K (rolled closing fee)	30% promote on Equity Sponsor's equity (no catch-up)	10% vests upon Equity Sponsor receiving return of capital plus 10% IRR Additional 10% vests upon Equity Sponsor receiving return of capital plus 20% IRR Additional 10% vests upon Equity Sponsor receiving return of capital plus 25% IRR	\$900K paid to Independent Sponsor (rolled into equity)	5.0% of annual EBITDA capped at \$400K per year paid to Independent Sponsor Floor of \$250K per year.
Transaction #6	Private Equity Fund	\$17M	\$500K (rolled closing fee)	10% promote on Equity Sponsor's equity (no catch-up)	Fully vested upon Equity Sponsor receiving return of capital plus 8% IRR	\$500K to Independent Sponsor (rolled into equity)	\$500K per year to Independent Sponsor

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Transaction #7	Private Equity Fund and Family Office	\$5.45M	\$20K	Up to 50% of promote on Equity Sponsor's equity (subject to catch-up after Equity Sponsor receives return of capital plus 15% IRR)	<p>Independent Sponsor receives catch-up after Equity Sponsor receives return of capital plus 15% IRR, until Independent Sponsor has received an amount equal to 25% of distributions made to Equity Sponsor</p> <p>After catch-up, Independent Sponsor receives 25% promote on Equity Sponsor's equity until Equity Sponsor receives greater of 35% IRR or 2X MOIC</p> <p>Promote then increases to 50% (with second catch up equal to 50% of distributions made to Equity Sponsor after first catch-up)</p>	\$200K to Independent Sponsor	<p>8% of EBITDA, subject to \$250K floor and \$750K cap</p> <p>Split 80/20 between Independent Sponsor and Equity Sponsor</p>
Transaction #8	Private Equity Fund and Mezzanine Lender	\$19.7M	\$300K	20% promote on Equity Sponsor's equity (subject to catch-up after Equity Sponsor receives 2.25X MOIC)	Fully vested upon Equity Sponsor receiving 1.5X MOIC	\$625K to Independent Sponsor (\$300K rolled into equity)	\$500K per year to Independent Sponsor

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Transaction #9	Private Equity Fund	\$7.5M	\$2M (\$500K from rolled closing fee)	20% promote on Equity Sponsor's equity (no catch-up)	15% vested at closing Additional 5% vests upon Equity Sponsor receiving greater than 4.0X MOIC	\$500K (rolled into equity)	Greater of \$300K and 5% of EBITDA First \$200K payable to Independent Sponsor Thereafter, split 50/50 between Equity Sponsor and Independent Sponsor
Transaction #10	Private Equity Fund	\$2.25M	\$950K (\$300K from rolled closing fee)	20% promote on Equity Sponsor's equity (no catch-up)	Fully vested upon Equity Sponsor receiving return of capital plus 6% IRR on invested capital	\$300K (rolled into equity)	6% of EBITDA with cap of \$500K Split 50/50 between Equity Sponsor and Independent Sponsor
Transaction #11	Private Equity Fund	\$5.25M	\$360K (rolled closing fee)	20% promote on Equity Sponsor's equity (no catch-up)	10% vests upon Equity Sponsor receiving return of capital plus 10% IRR Additional 10% vests upon Equity Sponsor receiving return of capital plus 20% IRR	\$475K total \$360K to Independent Sponsor (rolled into equity) and \$115K to Equity Sponsor	4% of EBITDA with a cap of \$300K per year to Independent Sponsor
Transaction #12	Private Equity Fund	\$5.25M	\$300K (rolled closing fee)	20% promote on Equity Sponsor's equity (no catch-up)	Fully vested upon Equity Sponsor receiving return of capital plus 8% IRR	\$350K total \$300K to Independent Sponsor (rolled into equity) and \$50K to Equity Sponsor	5% of EBITDA with a cap of \$300K per year and floor of \$150K per year to Independent Sponsor