

Key Components of Distribution Waterfalls

1. RETURN CONTRIBUTIONS

This is generally the first step in the waterfall. All distributions go to LPs until their capital contributions are recovered.



3. CARRIED INTEREST

The carried interest is to be allocated to the GP after the first two components are completed.



2. PREFERRED RETURN

This is distributed after capital contributions are recovered. The time period typically starts on the due date of the capital call (rather than the actual payment date) and ends on the distribution date.