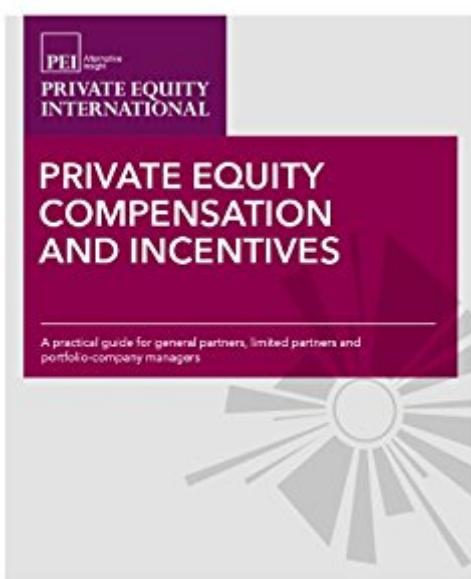


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# Private Equity Compensation And Incentives: A Practical Guide For General Partners, Limited Partners And Portfolio-company Managers



## Synopsis

Compensation and incentives are at the heart of the private equity investment process at the firm, fund and portfolio-company levels. Expertly crafted compensation terms and incentives are vital to retaining talent, providing alignment of interest, creating value and delivering outperforming returns. They can also be a hotbed of sensitivity, especially in challenging market conditions, if badly conceived. Our title, *Private Equity Compensation and Incentives*, an in-depth legal and technical guide, reveals how to effectively compensate and incentivise across all levels of the asset class to achieve outperformance. Delving beneath market commentary, this guide drills down to help you benchmark your strategies and implement compensation models the world-class experts use. How senior management remunerates and incentivises staff in the general partnership has a genuine impact on performance and, ultimately, the bottom line. Investors like to see stability in a firm and will readily reject funds with poor staff relations and erratic teams. This brand new publication will help you understand how to set appropriate models in place to retain key talent and satisfy investors to keep capital flowing to your funds. Mutually acceptable compensation is the linchpin that holds GP-LP relationship together. A whole raft of terms including management fees, carried interest, advisory & transaction fees and claw back clauses have to feature in perfectly drafted limited partner agreements (LPA). This guide provides expert analyses on the precise details in LPAs and recommends best practice in private equity, private real estate and infrastructure. You need to consider the implications of suitable compensation for your portfolio-company senior management to achieve great exits and deliver great returns to your funds. How do you guard your equity position but retain outstanding senior management? Experienced practitioners and advisers reveal how putting the right compensation packages and incentive mechanisms in place can create great value. Failure to do so, heralds disaster. Key benefits of this title:

- Benchmark your compensation and incentives models against best practice and understand how to improve your processes to maximise returns, retain key staff and create operational value
- Benefit from the advice and consultancy of top private equity lawyers without the fees as they recommend how to structure your compensation and incentive models for maximum effect
- Understand how compensation can directly affect the profitability for your fund and structure your models appropriately

Topics covered include:

- How carried interest provisions are structured in limited partner agreements
- Good- and bad-leaver provisions and joiners issues
- Management fees versus priority profit share
- Carried interest models
- Private equity co-investment alignment of interest trends
- Setting management incentives in a venture-backed context
- How to hire the best-quality operating partners and portfolio-company senior management
- How US private equity compensates

management through the investment lifecycle ¦ Portfolio company management incentives ¦ Legal aspects of managing portfolio-company senior management ¦ Compensation terms and trends in private real estate and infrastructure

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