

Continuation Vehicle (CV) Core LP Evaluation Questionnaire

Purpose: This questionnaire is to be used by LPs as a prompt for dialogue with a GP. It is not, however, intended to be used in isolation as an indicator of a CV's propriety, suitability, or fairness. LPs should use it as guidance to inform their own evaluation of CV transactions.

Visit ilpa.org/continuationvehicles for full guidance around CV transactions.

Underwriting and Process

1. CV Rationale

What outcome is the GP trying to achieve through the CV transaction? What alternative structuring solutions for the asset(s) has the GP actively evaluated (including, if relevant only, any third-party control sales)? Assess rationale and evidence supporting CV as preferred solution.

Evaluate any disclosed GP-advisor conflicts and assess adequacy.

Was a competitive auction process run (e.g., what was the bid funnel for potential buyers)? Obtain and evaluate evidence (auction final bid summary, advisor materials).

2. Underwriting

Evaluate estimated returns generated by the CV transaction (MOIC/IRR) vs. the original case (modeled applying both any CV discount and vs. par). Has the GP disclosed its go-forward business plan and performance projections (revenue, EBITDA)? Assess against original underwriting(s).

3. Existing Fund Consequences

Seek details from GP on CV transaction's impact on the existing fund including exit strategy, fund performance, fund expenses, remaining liabilities (including clawback), concentration risk, and/or refinancing needs.

4. Diligence Materials

Is the election period at least 20 clear business days (appropriate to CV's complexity) from receipt of the final election package with unrestricted data room access?

Confirm existing LPs receive the same information as bidders. Confirm the election pack includes information consistent with [ILPA Continuation Fund Disclosure Template](#), the GP's underwriting analysis including relative to original underwriting(s) (returns, growth, and valuation with key assumptions) and process materials (election agreement, and key CV legal/tax/commercial terms summary).

Evaluate GP performance track record details (including for CVs).

Economics and Valuation

1. Purchase Price / Proceeds

What is the acquisition price and reference date NAV? Assess price holdbacks, adjustments, and conditions (and/or use of RWI). Evaluate: (i) distribution proceeds model net of transaction fees and costs; and (ii) transaction costs summary identifying expense allocation/beneficiaries, plus GP-related incentives.

2. Go-Forward Valuation

How will asset(s) be valued in the CV? If priced at a premium or discount, will the position be stepped down/up upon CV closing vs. reference-date NAV? Evaluate valuation multiple for each quarter over the past year; compare with the multiple modeled for the CV exit.

3. Price Validation / Valuation Support

Assess whether CV purchase price aligns to GP underwriting, independent valuation analysis, any other third-party bids (outside CV process), CV bidding dynamics, and observable market comparables. If a fairness opinion is obtained, assess scope (i.e., independence from the GP/transaction advisor), reference date vs. closing, and deviations with GP's projections/CV price.

CV Election Terms and LP Optionality

1. Terms and LP Optionality

What management fee and carried interest structure apply to rolling LPs? Compare fund-level economics in totality (inclusive of upfront fees and costs) with those of existing fund, and those offered to other CV investors; seek explanation for differences. Assess the capital base used to calculate CV management fees. Evaluate fee offsets for GP-related transaction fees.

Understand GP's CV fee/carry structure over CV's term. Assess the GP's incremental economic benefit from the CV assuming a base case return, including management fees, carry, and any other economics.

2. Rolling LP Funding Dynamics

Are there any roll conditions (unfunded required, cashless option, reduced basis)? Evaluate dilution mechanism.

3. Role of RWI (Representations and Warranty Insurance or W&I insurance)

Assess use of RWI in the transaction. Understand its use, who it protects, and what it covers and excludes, including who bears any residual liability risk. Assess how RWI costs are allocated (vs. who benefits). Understand how RWI impacts timing/ability of the selling fund to distribute proceeds.

Alignment and CV Governance

1. GP Alignment

Assess GP's crystallized carry reinvestment (net-of-tax) in the CV, and if less than 100%, seek explanation. How is the reinvested GP commitment structured and funded? Is the GP committing incremental capital alongside the CV, i.e., via commitment from the latest managed fund? Assess the GP's total capital at risk in the CV relative to existing fund/other strategies. Has the GP provided a "with-CV/without-CV" modeled comparison (applying upside/downside cases) for its carry? Is portfolio company management participating and, if so, who/how is it funded?

2. Interest in CV Asset(s); CV Exit

Evaluate the GP's role in the CV asset(s), i.e., majority stake and/or control the board? What is the composition of the asset capitalization table and board?

Review CV duration (inclusive of term extensions (and consent requirements)). Seek details of CV exit route (and exit assumptions), timing, and liquidity plan.

3. Rolling LPs: LP Rights & CV Governance

Assess side letter treatment for rolling LPs. Review LPA changes specific to LP protections, key persons, reporting, governance rights and exit. Evaluate lead investor(s) vetoes, control dynamics, any preferential rights, LPAC rights. Assess whether CV creates adverse tax, regulatory, accounting, or reporting consequences for different existing LP profiles, such as tax-exempt, non-U.S. or regulated investors.

