



Advisory Committees in Investment Limited Partnerships

INTRODUCTION

The Irish investment limited partnership (the “**ILP**”), now re-shaped as a flexible fund investment vehicle following amendments made to the existing Investment Limited Partnership Act, 1994 (the “**ILP Act**”), is expected to become the fund structure of choice for many international investment managers, particularly those in the private equity and real assets sectors.

In this key features document, we briefly outline the use of advisory committees in ILPs. A more detailed analysis of the ILP is available [here](#).

KEY POINTS

- The AC will act as advocate for Limited Partners;
- Membership will generally not comprise the Investment Manager, GP or affiliates;
- The AC will not have investment discretion, provide investment advice, or make investment decisions;
- The AC may provide a forum for discussion with the Investment Manager on investment and divestment strategy of the ILP;
- Governance agreed with LPs by way of the LPA and terms of reference which may be amended from time to time.

What is the role and power of the advisory committee?

Although there is no strict market position on the role of the limited partner advisory committee (“**AC**”), its key function is to oversee the alignment of interests of the GP/Investment Manager and the Limited Partners (“**LPs**”) in the ILP.

The AC is not a regulated body and will not have investment discretion, make any investment decisions or provide investment advice in relation to the ILP. It is typically a forum to provide views that are representative of the broader LP base, acts as the LPs’ advocate when dealing with the GP/Investment Manager and assists in the promotion of governance issues at the ILP (including discussions around conflicts of interests or any proposed changes to the LPA), but it would not formally or otherwise act on behalf of all LPs.

Who makes up the AC?

The make-up of the AC can be negotiated with initial-close LPs and may be amended from time to time by way of update to the LPAC’s terms of reference. The AC will typically be comprised of at least three representatives of investors in the ILP, none of whom are affiliated with the GP or Investment Manager.

Although ideally the AC will be representative of the LPs as a whole, commitment size to the ILP is often a principal determinant of a seat on the AC.

AC governance

The set-up, duties and operation of the AC will normally be governed by the LPA which governance may be further substituted by terms of reference (“**TOR**”) agreed between the GP and initial LPs. Governance rules for the AC may include the following:

- (a) selection and rotation of members;
- (b) powers, duties and extent of authorities of the AC;
- (c) interaction of the AC with the GP and investment committee of the Investment Manager;
- (d) procedures for and frequency of meetings of members;
- (e) minimum attendance at meetings and removal of members for non-attendance;
- (f) decision making procedures and voting rights of members; and
- (g) review and amendment of TOR and LPA.

How is the existence and role of the LPAC disclosed?

Investors should be notified of the existence of the AC by means of disclosure in the offering document which details should include the selection of members of the committee and the powers and duties of the committee.

LPs as a whole should not be disadvantaged by the existence of the AC from the perspective of access to information and disclosure to investors. Points discussed at AC meetings and the results of any matters voted on should be made available to all LPs in a timely way.



Donnacha O'Connor

Managing Partner

+ 353 1 673 1729

donnacha.oconnor@dilloneustace.ie



David Lawless

Partner

+ 353 1 673 1765

david.lawless@dilloneustace.ie



Derbhil O'Riordan

Partner

+ 353 1 673 1755

derbhil.oriordan@dilloneustace.ie



Shane Geraghty

Partner

+ 353 1 673 1851

shane.geraghty@dilloneustace.ie

Dillon Eustace

33 Sir John Rogerson's Quay,

Dublin 2, D02 XK09

+353 1 667 0022

enquiries@dilloneustace.ie

dilloneustace.com

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