



# Liquidity Provisions 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 highlight common liquidity features of an ILP from initial closing to end of life of the ILP. A more detailed analysis of the ILP is available [here](#).

## KEY POINTS

- ILP’s can be open-ended, limited liquidity or closed-ended;
- Distributions may be made at any time during the investment period or after end of term;
- Capital may be returned to LPs after the expiry of the investment period by distribution or compulsory redemption;
- At end of term options include converting to evergreen (or open-ended) structure, extending the term, or winding up the ILP.

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## Must an ILP be Open-Ended or Closed-Ended?

The liquidity of the ILP will be determined by the promoter and described in the Limited Partnership Agreement (“**LPA**”). The ILP may, taking into account the nature of the asset portfolio, be established as open-ended, open-ended with limited liquidity, or closed-ended, depending on the nature and duration of the proposed investments.

ILPs are most commonly established as closed-ended structures and we have assumed a closed-ended structure for the purposes of this briefing.

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## Can Distributions Be Made During the Investment Period?

Yes, distributions can be made during the Investment Period at intervals designated by the General Partner (“**GP**”). The method of payment and rules for determining application of income must be set down in the LPA and disclosed in the offering memorandum. Care must be taken to ensure that the valuation used for such purpose is sufficiently recent to ensure that this reflects any recent fluctuations. The method of payment and rules for determining application of income must be disclosed in the offering document.

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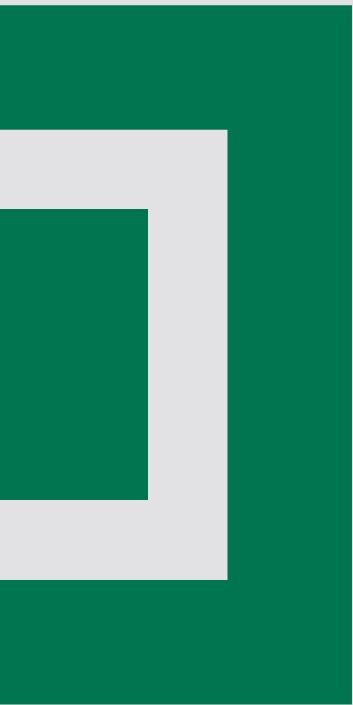
## What are the liquidity options at end of the finite Term?

The ILP offers flexibility in options on liquidity at the end of the finite Term. The offering document of the ILP must specify the duration of the finite Term and provide that at the end of the Term, the general partner must decide to:

- (a) wind up the ILP;
- (b) convert to an evergreen (or open-ended) ILP; or
- (c) with the approval<sup>1</sup> of LP's, extend the closed-ended period of the ILP.

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<sup>1</sup> For QIAIFs offering redemptions at this stage, votes in favour of an extension must represent 50% of votes cast. For those not offering redemption at this stage, votes in favour must represent 75% of votes cast.



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