

Regulatory Disclosures Applicable to 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 some of the disclosures which must be made to limited partners (“**LPS**”) and competent authorities prior to the initial closing to the end of life of the ILP. For the purposes of this briefing, we have assumed that the ILP is established as a closed-ended fund. A more detailed analysis of the ILP is available [here](#).

KEY POINTS

- Certain information about the ILP must be made available to LPs prior to investment via an offering memorandum;
- The ILP must also provide information to LPs during the life of the investment, with certain matters triggering immediate notification obligations;
- An annual audited report must be prepared for each ILP;
- The AIFM must report information on the ILP to its competent authority (or in the case of a non-EU AIFM, to its host Member State competent authority) on a periodic basis.

What needs to be disclosed to LPs in an ILP and when?

(a) Prior to investment

Under applicable AIFMD rules and under applicable Central Bank requirements, certain information must be made available to prospective LPs before they invest in the ILP. The Central Bank of Ireland (the “**Central Bank**”) requires that most of this information is contained in an offering memorandum which must be offered free of charge to each prospective LP.

The offering memorandum (which is filed with the Central Bank as part of the application for authorisation of the ILP) must therefore provide information on the investment strategies, objectives and restrictions of the ILP, the use of leverage (including types and sources of leverage permitted and maximum leverage permitted), information on key service providers (including prime brokers), liquidity management (where relevant), conflicts of interest, valuation procedures and fees and expenses.

The main legal implications of the contractual relationship between the general partner (the “**GP**”) and the LPs must also be disclosed in the offering memorandum. The offering memorandum should also disclose where the latest annual report, historical performance of the ILP and latest valuation for the ILP can be accessed.

Any material changes to the information contained in the offering memorandum must be disclosed to existing LPs via the annual report.¹ A change to information contained in the offering memorandum is considered to be material if there is a substantial likelihood that a reasonable LP, becoming aware of such information, would reconsider its investment in the ILP.

(b) Periodic disclosures

Certain information must be provided to LPs on a periodic basis during the life of their investment, generally annually with the ILP’s annual financial statement. This includes information on the current risk profile of the ILP and risk management systems used to manage such risks. The total amount of leverage employed by the ILP must also be disclosed to LPs.

(c) Immediate notification

Where the ILP employs leverage, the AIFM will also be required to report any changes to the maximum level of leverage which it can employ on behalf of the ILP and any right of re-use of collateral or any guarantee under the leveraging arrangements “without undue delay”.

(d) Annual reports

The ILP is required to prepare an annual audited report which must contain specific information prescribed under AIFMD and by the Central Bank. This annual report must be made available to LPs on request free of charge and must also be filed with the Central Bank. Amongst other information,

¹ It is worth bearing in mind that certain matters such as changes to the investment objective, material changes to the investment policy and increase in the maximum fee payable to the AIFM, general partner or the investment manager cannot be effected without requisite LP consent.

the annual report must contain a balance sheet/statement of assets and liabilities and a report on the activities of the financial year, including an overview of investment activities during the year and an overview of the ILP's performance over the year².



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² EU authorised AIFMs and non-EU authorised AIFMs deemed to be marketing AIFs in the EU must also report certain information relating to the ILP to their home Member State regulatory authority (in the case of an EU authorised AIFM) or host Member State regulatory authority (in the case of a non-EU AIFM) on a periodic basis.