



ILPA Publishes Highly Anticipated Deal by Deal Model LPA Agreement

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The Institutional Limited Partners Association (ILPA) released a Model Limited Partnership Agreement (LPA) for general partners (GPs) and limited partners (LPs) structuring private fund investment transactions in October 2019. That original model LPA included a “whole of fund” waterfall structure. On July 9, 2020, ILPA released an updated “whole of fund” model LPA to clarify certain provisions and further address alignment of interests, governance and transparency. In addition, on July 22, 2020, ILPA released a new model LPA with a “deal by deal” waterfall structure. Both models reflect ILPA’s Principles 3.0 (“Principles”), which set out private equity industry best practices and were developed by ILPA to encourage discussions between LPs and GPs. Although the “whole of fund” waterfall model better aligns with the Principles, it was important to ILPA and its members also to provide flexibility for LPs and GPs, especially emerging managers, who are looking to adopt a “deal by deal” document to reflect the fund economics of their investment transactions.

All three versions of the LPA are complementary templates that can be used by GPs and LPs alike to determine investment terms in private funds, thus reducing the cost of negotiating fund documents and streamlining the investment process. Furthermore, the model LPAs strengthen investor protections in areas such as organizational expenses, partnership expenses, GP expenses, fiduciary duty, conflicts of interests, indemnification, GP removal, fund termination, clawbacks, escrow, and limited partner advisory committee participation. Each model LPA includes helpful footnotes to provide the parties with guidance, recommendations, and options in structuring investment transactions and drafting their fund documents. Both the “whole of fund” and “deal by deal” versions have been released alongside multi-page term sheets summarizing their key contents.

The “whole of fund” model LPA and the “deal by deal” model LPA were drafted with the help of approximately 20 internal and external GP and LP counsel who comprised the LPA Task Force, including Nossaman Partner Yuliya Oryol.

To download both Word and PDF versions of the “whole of fund” and “deal by deal” waterfall structure model LPA agreements, and their corresponding term sheets, [click here](#).