

## FUND FINANCE FRIDAY

## ILPA Issues Guidelines for GP-Led Secondary Restructurings

April 12, 2019 | Issue No. 24



**By Chris van Heerden**  
Associate | Fund Finance

GP-led fund restructurings have grown in prevalence as more funds turn to such transactions to unlock liquidity for LPs, to optimize asset value through term extensions or a capital injection, or to crystalize gains. In fact, GP-led restructurings grew to make up roughly 40% of the \$70 billion in secondaries activity in 2018. In light of this growth, the trade association for institutional limited partners, Institutional Limited Partners Association (ILPA), this week published *GP-Led Fund Restructurings: Considerations for Limited and General Partners*. The report serves as a set of principles and best practices.

The acceleration in GP-led transactions isn't news to astute *Fund Finance Friday* readers. Our colleague, Amrita Maini, drew attention to the trend in her Feb. 1 *Spotlight on GP-Led Secondary Transactions*. Along with reviewing the types of transactions and their motivations, she also forecasted continued growth for the market along with an expansion in related debt finance. Amrita also touched on the compressed timeframe and the potential for conflicts of interest in these transactions. These are among the concerns targeted by the ILPA guidelines.

The ILPA report addresses the time constraints, complexity, alignment of interests and transparency concerns raised in GP-led restructurings with suggested best practices. Lenders reviewing the ILPA report will find their interests generally aligning well with those of LPs.