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June 2012

**Reason says:  
this acquisition  
is too costly.**



**Instinct says:  
not as costly as  
missing out.**



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## Aftermath of EMI deal still paining Terra Firma

**A**FTER SEVERAL difficult years, Terra Firma may be turning its fortunes around and exorcising the ghost of EMI. However, encouraging recent activity has not stopped press coverage of its difficult staffing situation.

Over a year since Guy Hands' buyout giant lost its legal battle against Citi over its acquisition of the EMI music label, the GP has been actively investing and divesting, putting the turmoil of EMI behind it and, so the rumours go, looking to increase its profile in order to pursue fundraising in the near future.

Since the beginning of the year, Terra Firma has executed buyouts worth more than £1bn, made a number of add-ons for a portfolio company and found itself denying rumours that it is considering a £1bn IPO.

### Back on the horse

In March this year, Terra Firma invested £276m to buy Garden Centre from Lloyds, which had taken over the business as part of a debt-for-equity swap with its former owners. Garden Centre had been struggling under the weight of £400m in debt prior to the deal.

Hands' team quickly followed this up with a £825m deal for specialist care provider Four Seasons. As with Garden Centre, the company's main shareholder was a bank, this time RBS, which had picked up a 40% stake as part of a debt-for-equity swap. While Terra Firma had been reluctant to give up its share in EMI to the firm's lenders, it certainly has not hesitated to capitalise on opportunities from other firms struggling with debts.

The GP has also demonstrated that it can return money to investors despite its prior problems. Just last month it made a partial exit from Phoenix Group, selling its subsidiary Phoenix Supply to a Northern Irish gas supplier. The firm was also rumoured to be thinking of putting its wind energy business Infinis up for sale, though it has denied it is planning to float the business soon.

Guy Hands has also sought to keep his investment team intact. It was recently reported he had put a substantial portion of his personal fortune into Terra Firma's fund in order to keep his senior team. The failure of EMI means the team are unlikely to earn any carry on the current fund, and some of the capital has been earmarked for distribution to the investment team. However, recently the GP's head of investor relations, Kamal Tabet, left after less than a year in the role.

Terra Firma's future seems to be hanging in the balance. Four years ago, one LP told



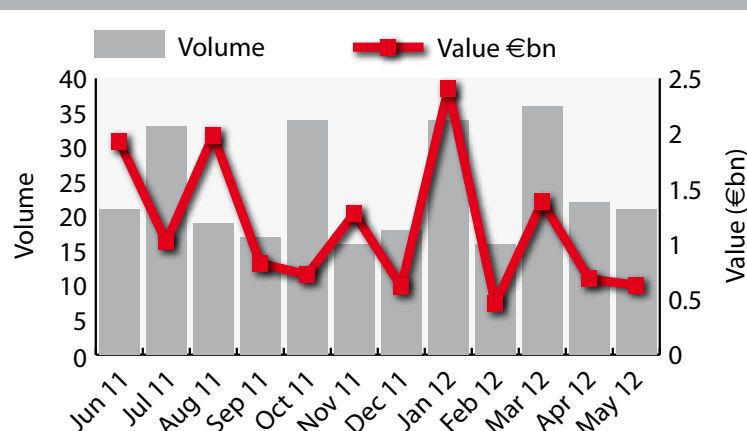
*unquote* that the EMI deal could bring down Terra Firma if it went badly. While Guy Hands may have dreams of a future fund, Terra Firma will need to make a lot out of what's left of its current fund in order to convince investors to part with their cash again. ■

## UK dealflow stabilises

UK deal activity has come to an end of the roller-coaster ride it began last year. Some 22 deals worth €620m were recorded in May, mostly in the consumer space, but also in the biotechnology and alternative electricity fields (Tamar Energy, Ignis Biomass) in the expansion segment.

The largest deal of the month, CAP, (€140m) was backed by Montagu Private Equity provides specialised customer services while Ignis Biomass, backed by Finance Wales, was the smallest. The UK has maintained its pole position among European regions since the year started, with €5.5bn total deal value, but is now very closely followed by the Nordic countries.

Volume and value of private equity deals in the UK & Ireland



Source: *unquote* data

## CVC cuts F1 stake before IPO

CVC CAPITAL Partners has sold a \$1.6bn stake in Formula 1 Group to BlackRock, Waddell & Reed and Norges Bank Investment Management prior to the company's IPO, according to reports.

The partial exit reduced CVC's stake in the firm from 63.4% to around 40%. The partial exit is believed to value Formula 1 at \$9.1bn, including debt.

Formula 1 is expected to float on the Singapore Exchange before the end of June, raising up to \$3bn for the company.

### Pole position

Goldman Sachs, Morgan Stanley and UBS are lead arrangers for the IPO. CVC is a cornerstone investor and will be forbidden from

reducing its stake within the first six months of the float.

CVC acquired Formula 1 in May 2006 in a deal estimated to be worth \$1.7bn. RBS arranged the debt for the transaction.

In early 2011, former BayernLB chief risk officer Gerhard Gribkowsky was held by the Munich police over allegations of corruption in the 2006 buyout ([unquote.com/2027141](http://unquote.com/2027141)). CVC denied any wrongdoing but was reportedly urged by its investors to address the allegations.

In March 2012, CVC refinanced their investment, replacing the \$2.92bn debt facility maturing in 2013/2014 with \$2.27bn maturing in 2017/2018. RBS and Goldman Sachs arranged the debt.

## Caird set to exit D&D

CAIRD CAPITAL pumped around £28m into the restaurant chain, then called Conran, in 2006 to fund the management's £47m buyout, according to unquote" data. The deal enabled D&D's management, which invested new cash, to significantly increase their equity stake in the business. The vendors, Conran Holdings Ltd, retained 51% of the equity. Caird (then Bank of Scotland Integrated Finance) took 20% of the business. The debt-to-equity split was roughly 60:40. If sold for £70m, as suggested by press reports, Caird stands to generate a return of 2x.

Established in 1991, D&D operates 30 restaurants. At the time of the 2006 deal, it comprised 16 London venues, two in Paris and a New York Banqueting Hall.

## Good year ahead for the UK software and voice devices market?

BRIDGEPOINT'S RECENT SBO of software producer BigHand from LDC sheds some light on the large UK software and voice device markets. Though important in Europe, the UK software market has been in decline, with volumes falling from 90 deals in 2008 to just 39 last year.

Values have proven more unstable: after a large fall in 2009, deal value went up again in 2010, thanks to the large Sophos and Inspired Gaming buyouts, and remained high in 2011 at €1.3bn.

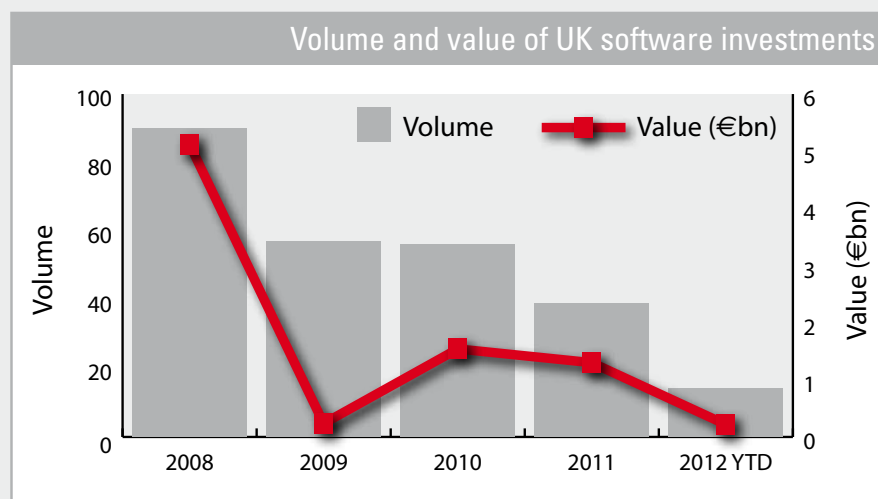
Values might also hold up well in 2012 as a result of Bridgepoint's buyout of BigHand. Indeed, the transaction is the largest so far this year followed by the £46m Autologic buyout backed by ISIS and the £49m LDC take-private of Workplace Systems International. Combined market value up to late April is €217m, similar to that witnessed last year.

Finally, the SBO of BigHand is a rather large transaction compared to similar

businesses in the voice device space.

In recent years, deals in the sector – including Voice Commerce Group backed by Thule Investments, Paver Downes Origin backed by MSIF, New Voice Media backed by Notion Capital and Eden, and

Qire backed by Maren's Capital – were all small scale early-stage or expansion transactions that did not approach Bridgepoint's recent investment size and importance in terms of technology and market opportunities.



Source: unquote" data



## LARGE-CAP

## Lion to make 5x money on Weetabix

**LION CAPITAL** has sold 60% of UK cereal business Weetabix to Chinese food group Bright Food, in a deal that values the company at £1.2bn.

Once the remaining stake has been sold to Bright Food, expected in two to three years, Lion should make near 5x its money, according to a source close to the deal.

The asset has been on the block since the middle of last year, and the sale comes after Weetabix restructured around £900m of its debts.

Lion is said to have already generated a 3x return on its 2004 investment through several dividend payments; when the business is fully exited this should rise to nearly 5x.

At the time of the take-private, Weetabix reported turnover of £361.6m and pre-tax profits of £44.4m. By 2010, the business reported a gross profit of £20.4m from revenues of £449m. Weetabix employed 1,700 people at the time of the initial buyout and 1,800 today.

Lion (then Hicks Muse Tate and Furst) took Weetabix private in 2004 in a deal that valued the business at £642m. The firm paid £268.75 per ordinary share and £53.75 for each ordinary A share.

Weetabix is a Kettering-based breakfast cereal manufacturer with brands that include Alpen, Weetabix, Weetos and Ready Brek. It exports to 80 countries worldwide and employs 1,800 people.

## ADVISERS

**Equity** – Weil Gotshal & Manges (Legal).

**Acquirer** – Rothschild (Corporate finance); Linklaters (Legal).

NAME	Weetabix
DEAL	Trade sale
VALUE	£1.2bn
LOCATION	Kettering, UK
SECTOR	Food products
FOUNDED	1932
TURNOVER	£449m (2010)
EBITDA	£20.4m (2010)
STAFF	1,800
VENDOR	Lion Capital
RETURNS	c5x (when fully exited)

[unquote.com/2172271](http://unquote.com/2172271)

RBS was reportedly the largest shareholder in the business prior to the sale, holding a 40% equity stake, which it secured in a debt-to-equity swap in 2009. The bank reinvested in the business alongside Terra Firma.

Both the GP and Four Seasons stated that the company would see its debt burden significantly reduced following the buyout, and that current lenders will be repaid in full.

Four Seasons is an independent provider of health and social care in the UK. It operates 445 care homes as well as 61 hospitals and specialist units across the UK, the Isle of Man and Jersey. It employs more than 30,000 staff and looks after 20,000 residents.

The group is trading profitably and posted an EBITDA of around £100m in 2011. Four Seasons maintains a balance of freehold and leasehold properties, owning around 60% of the facilities it operates.

## ADVISERS

**Equity** – Goldman Sachs (M&A); Barclays (M&A); Slaughter and May (Legal).

**Company** – Rothschild (M&A); Gleacher Shacklock (M&A); Deutsche Bank (M&A); Macfarlanes (Legal).

## MID-CAP

## Gala Coral to sell casinos for £205m

**PE-BACKED GALA Coral** has agreed to sell its UK casinos business to bingo and casino operator Rank for £205m. The disposal is expected to complete in September 2012. The company plans on using the proceeds from the sale to reduce its leverage.

Apollo Management, Cerberus, Park Square and York Capital made a £200m equity investment in the business in 2010. The consortium also swapped £558m of debt for equity to become the new owners of Gala Coral, while Candover, Cinven and Permira exited the company. The previous private equity backers were understood to have lost most of their £1.2bn original investment.

The sale of Gala Casinos Limited includes 23 UK-based casinos and three non-operating licences. The transaction excludes the casinos in Dundee and Gibraltar, the non-operating licence for the City of Westminster in London, the divisional and central management functions associated with Gala Casinos Limited, the branded online casino activities and the casino freehold properties owned by Gala Propco Three Limited.

The assets being sold generated a £125.9m turnover and £25.7m EBITDA for the 12 months ending on 7 April 2012.

## ADVISERS

**Vendor** – Deutsche Bank (M&A).

NAME	Gala Casinos
DEAL	Partial sale
VALUE	£205m
SECTOR	Gambling
TURNOVER	£125.9m
EBITDA	£25.7m
VENDOR	Apollo Management et al.

[unquote.com/2174430](http://unquote.com/2174430)

## Terra Firma in £825m Four Seasons deal

**TERRA FIRMA** has acquired British elderly and specialist care provider Four Seasons for £825m.

Debt to finance the acquisition will be arranged by Goldman Sachs and Barclays. The transaction is expected to complete before 16 July 2012, at which point Four Seasons' existing debt liabilities will be discharged in full.

NAME	Four Seasons
DEAL	Buyout
VALUE	£825m
LOCATION	Wilmslow
SECTOR	Healthcare providers
EBITDA	c£100m
STAFF	30,000
VENDOR	RBS

[unquote.com/2171311](http://unquote.com/2171311)

## Montagu Private Equity acquires CAP for £175m

**MONTAGU PRIVATE EQUITY** has bought Leeds-based CAP, a provider of information to the automotive industry, for an estimated £175m.

Montagu invested from its fourth fund, which closed on €2.5bn in 2011. CAP is the fund's third transaction after Emitel and College of Law.

CAP's management will stay on board after the acquisition. Management is planning to develop CAP's technology and expand into new market segments in the vehicle data information sector.

CAP was founded in Leeds in 1979. It has 90 staff and an estimated EBITDA of £40m.

### ADVISERS

**Equity** – Jefferies Investment Bank, Tariq Hussein, James Seagrave (Corporate finance).

NAME	CAP
DEAL	Buyout
VALUE	£175m est
LOCATION	Leeds
SECTOR	Computer Services
FOUNDED	1979
EBITDA	£40m est

[unquote.com/2171938](http://unquote.com/2171938)

## Lyceum sells M&C to Schneider Electric

**LYCEUM CAPITAL** has sold Scotland-based energy consultancy M&C to French energy management company Schneider Electric, in a deal believed to be worth £90m.

Lyceum acquired the business in December 2009 for £22m.

Since then, M&C has completed two add-on acquisitions: Lyceum provided acquisition finance for the bolt-ons of both Manchester-based utility manager UML and energy price risk management service provider Encore.

Following the acquisition, Schneider Electric is planning to combine the company with Summit Energy, a US energy procurement and advisory business.

M&C is an energy consultancy firm based in Dunfermline, Scotland, that provides energy procurement and compliance services to more than 4,000 customers. The company operates 21 offices in 15 countries worldwide and employs 500 people. It expects revenues of £35m for the year ending June 2012.

### ADVISERS

**Company** – Robert W Baird, David Silver, Jonathan Harrison (Corporate finance); Travers Smith, Paul Dolman (Legal).

**Management** – Burness, Mark Ellis (Legal).

NAME	M&C Energy Group
DEAL	Trade sale
VALUE	£90m est
LOCATION	Dunfermline
SECTOR	Business support services
FOUNDED	1976
STAFF	500
VENDOR	Lyceum Capital

[unquote.com/2172622](http://unquote.com/2172622)

## Caird Capital sells Bifold to LDC in £85m SBO

**CAIRD CAPITAL** has exited gas pumps manufacturer Bifold Group to LDC in a £85m deal yielding a 3x return for the seller, according to a source close to the deal.

The company's management – headed by Gary Jacobson – acquired a majority stake in the business. RBS provided a "moderate" amount of debt to finance LDC's acquisition.

Caird is thought to have contributed £6m to a £35m secondary management buyout led by Bank of Scotland Integrated Finance in 2007.

The business had a turnover of £15m at the time and is set to achieve sales of up to £40m in 2012, a source said. EBITDA for 2011 was £5.6m.

### ADVISERS

**Equity** – Eversheds (Legal).

**Vendor** – DLA Piper (Legal).

**Company** – Altium (Corporate finance); Addleshaw Goddard (Legal).

NAME	Bifold Group
DEAL	SBO
VALUE	£85m
LOCATION	Manchester
SECTOR	Oil equipment & services
FOUNDED	2007
TURNOVER	£40m
EBITDA	£5.6m
STAFF	200
VENDOR	Caird Capital
RETURNS	>3x

[unquote.com/2171315](http://unquote.com/2171315)

## Accell Group buys Perseus's Raleigh Cycle for \$100m

**PERSEUS CAPITAL** and Raleigh Cycle's management have sold the British bicycle business for \$100m to Dutch trade player Accell.

Accell Group is a Dutch bicycle company, listed on the NYSE Euronext in Amsterdam. It has a market capitalisation of €341m.

Raleigh Cycle Limited is a British bicycle business trading under the brands Raleigh and Diamondback.

The company was founded in 1887 in Nottingham. It currently employs around 430 people globally and sold approximately 850,000 bicycles in 2011.

### ADVISERS

**Management** – Cavendish Corporate Finance, Jonathan Buxton, Anya Cummins (Corporate finance).

NAME	Raleigh Cycle
DEAL	Trade sale
VALUE	\$100m
LOCATION	Nottingham
SECTOR	Recreational products
FOUNDED	1887
STAFF	430
VENDOR	Perseus Capital, management

[unquote.com/2170546](http://unquote.com/2170546)

## Terra Firma in partial exit from Phoenix Group

**PHOENIX GROUP**, a portfolio company of Terra Firma, has agreed to sell subsidiary Phoenix Supply to Northern Irish gas supplier Airtricity.

Phoenix will continue to focus on investing and growing its core business, Phoenix Natural Gas, which operates the Greater Belfast natural gas network.

Terra Firma acquired the Phoenix group as part of the East Surrey Holdings group of companies in 2005. The deal was valued at £453m, with Barclays and Citigroup underwriting the debt element.

In 2006, the GP sold parts of East Surrey Holdings to ABN AMRO Infrastructure Capital Equity and Deutsche Bank, holding onto Phoenix.

Established in 1996, Phoenix Group is a provider of natural gas based in Northern Ireland. Phoenix Supply was set up as a stand-alone subsidiary in 2007; it is the regulated supplier of natural gas to around 130,000 domestic and business customers in Greater Belfast.

NAME	Phoenix Supply
DEAL	Partial exit
LOCATION	Belfast
SECTOR	Gas distribution
FOUNDED	2007
VENDOR	Terra Firma

[unquote.com/2175224](http://unquote.com/2175224)

## Gresham Private Equity exits Olaer in trade sale

**GRESHAM PRIVATE EQUITY** has exited fluid management solutions provider, Olaer Group, to US-based Parker Hannifin.

The GP stated it had made an “exceptional” return on its seven-year investment.

Olaer was acquired by Gresham from its parent company, Expamet International Ltd, in a leveraged management buyout in 2005. The deal was estimated at around £25-50m and was backed by the Bank of Ireland.

Under Gresham’s ownership Olaer increased the number of countries it supplies from 18 to 26 and gained exposure to fast-growing emerging markets such as China, India and Brazil. The business’ turnover grew by 80% over the holding period to £126.5m.

Olaer has origins as an 18th century UK engineering business. It is based in Chester where it supplies and markets accumulators, oil coolers and filters. It also offers close personalised support to its customers.

### ADVISERS

**Company** – Robert W Baird Limited (Financial); DLA Piper (Legal).

NAME	Olaer
DEAL	Trade sale
LOCATION	Chester
SECTOR	Industrial Suppliers
FOUNDED	18th century
TURNOVER	£126.5m
STAFF	550
VENDOR	Gresham Private Equity

[unquote.com/2170005](http://unquote.com/2170005)

## SMALL-CAP

## Bridgepoint buys BigHand for £49m from LDC

**BRIDGEPOINT DEVELOPMENT** Capital has acquired British voice technology software company BigHand from LDC for £49m.

The new capital will support the company’s expansion in both the domestic and international markets. It will also fund strategic acquisitions.

LDC reported a 34% IRR, which translates to a multiple close to 6x. LDC will use part of the profits from the exit to buy a minority stake in the business. Management remains invested in BigHand.

HSBC, which already provided financing for the LDC-backed buyout in August 2006, contributed leverage for this latest transaction.

BigHand is a London-based speech technology company and software developer. Its products target the legal, healthcare and professional services market in the UK and internationally. BigHand is the accredited supplier of the UK’s National Health Service.

NAME	BigHand
DEAL	SBO
VALUE	£49m
LOCATION	London
SECTOR	Software
FOUNDED	1996
VENDOR	LDC
RETURNS	34% IRR

[unquote.com/2178262](http://unquote.com/2178262)

### ADVISERS

**Equity** – Ernst & Young (M&A, debt advisory); First Capital (Corporate finance); Travers Smith (Legal); AMR (Commercial due diligence).

**Vendor** – Marks Baughan & Co (Corporate finance).

**Management** – CMS Cameron McKenna (Legal); KPMG (Financial due diligence, tax).

## Primary Capital backs £35m MBO of Leisure Pass

**PRIMARY CAPITAL** has backed the £35m management buyout of London-based tourist pass systems provider Leisure Pass Group.

The firm paid £17.5m in equity for a majority stake of around 75%. The investment was made from the GP’s £200m Primary III fund, which closed in 2006

and has since invested in eight other businesses, including Yo! Sushi and Paperchase. Senior debt of £11m was provided by the Royal Bank of Scotland.

Leisure Pass was founded in 1998 and soon after launched its eponymous product, which provides access for tourists to major London attractions.

NAME	Leisure Pass Group
DEAL	MBO
VALUE	£35m
DEBT RATIO	£11m
LOCATION	London
SECTOR	Recreational services
FOUNDED	1998
TURNOVER	£27m
STAFF	14

[unquote.com/2174434](http://unquote.com/2174434)



## ADVISERS

**Equity** – Olswang, Stephen Rosen, Fiona Twigg, Carsten Greve (Legal); BDO, Graham Elsworth, Dougal Baxter, Richard Rose (Financial due diligence, tax); Armstrong, Robin Illingworth, Edward Hikmet (Commercial due diligence); Alvarez & Marsal, Martin McKay, Yawar Murad (Technical due diligence).

**Debt** – Spectrum CF, Ian Milne (Debt advisory).

**Company** – Hogan Lovells, Alan Greenough, Amanda Onions (Legal); Livingstone Partners, Jeremy Furniss, Daniel Domberger (Corporate finance).

**Management** – Hogan Lovells, Alan Greenough, Amanda Onions (Legal); Spectrum CF, Simon Davies, Richard Bradley (Corporate finance); DSA Taxation, Nick Byfield (Tax).

## LDC buys Ocean Outdoor from Smedvig

**LDC HAS** completed the £35m buyout of UK digital advertising firm Ocean Outdoor from Smedvig Capital.

The secondary buyout saw Smedvig reap nearly four times its original investment. Smedvig injected £5.5m into Ocean Outdoor in exchange for a majority stake in 2008.

Investec Growth & Acquisition Finance provided a unitranche debt package to support the deal.

LDC will support the expansion of the firm's coverage in London and the UK's 10 largest cities. Ocean Outdoor will also look to improve the interactivity of its advertising.

NAME	Ocean Outdoor
DEAL	SBO
VALUE	£35m
LOCATION	London
SECTOR	Media agencies
FOUNDED	2004
VENDOR	Smedvig Capital
RETURNS	c4x

[unquote.com/2175482](http://unquote.com/2175482)

## Palamon in £23m Cambridge Education Group refinancing

**PALAMON CAPITAL** Partners has completed a £23m refinancing deal for its portfolio company Cambridge Education Group (CEG) with Royal Bank of Scotland.

The refinancing package includes a dividend recap for equity holders and additional financing to support the company's growth. Since 2009, this is the third dividend recapitalisation CEG has completed. Palamon supported the £10m MBO of the company in February 2007.

Founded in 1952, CEG offers various education programmes from language courses to pre-Cambridge university prep courses. In 2011, CEG's revenue amounted to £55m.

NAME	Cambridge Education Group
DEAL	Refinancing
VALUE	£23m
LOCATION	Cambridge
SECTOR	Business training & employment agencies
FOUNDED	1952
TURNOVER	£55m

[unquote.com/2171310](http://unquote.com/2171310)

## Baird acquires e2v technologies spin-off for £15m

**BAIRD CAPITAL** Partners

Europe has acquired the instrumentation solutions business of listed UK firm e2v technologies for £15m.

The deal sees e2v divest its subsidiaries e2v Scientific Instruments, e2v microsensors

along with its industrial gas sensing businesses. The divisions were considered non-core by the seller, which will now focus its resources on key growth areas as well as its regional expansion in the US and Asia.

Debt fund Beechbrook Capital provided leverage for this transaction. The business will be renamed SGX Sensortech Limited.

SGX designs and manufactures sensors that provide environmental as well as health & safety research and analysis to customers in Europe and Asia. Its client list includes automotive companies Volvo, VW and Renault.

SGX posted a £14.8m turnover in the year to 31 March 2012, generating net operating profits of £900,000.

NAME	SGX Sensortech Limited
DEAL	Buyout
VALUE	£15m
LOCATION	Chelmsford
SECTOR	Electronic equipment
TURNOVER	£14.8m
EBITDA	£900,000 (EBIT)
VENDOR	e2v technologies

[unquote.com/2175159](http://unquote.com/2175159)

## Langholm acquires Purity Soft Drinks in MBI

**LANGHOLM CAPITAL** has

backed Gary Nield and Peter Unsworth's management buy-in of Purity Soft Drinks from long-time owners the Cox family.

The deal was valued in the £10-20m range. Langholm took a majority stake in the business,

while management and Mike Cox gained minority interests. Cox will continue to work with the new owners, according to the GP. Debt was provided by HSBC in Birmingham.

This transaction represents the third investment from Langholm's second fund, Langholm Capital II, which is now more than 40% invested. Key investors in the fund include Unilever and Rabobank.

Purity Soft Drinks was established in 1892 in Wednesbury, West Midlands. It has been run by the Cox family since 1944.

The business includes brands such as returnable-bottle operation Masons and fruit juice brand Juice Burst. It has a turnover of £16m.

NAME	Purity Soft Drinks
DEAL	MBI
VALUE	£10-20m
LOCATION	Wednesbury
SECTOR	Soft drinks
FOUNDED	1892
TURNOVER	£16m
STAFF	67

[unquote.com/2171616](http://unquote.com/2171616)

## ADVISERS

**Equity** – Mills & Reeve (Legal).

**Company** – Hawkins Hatton (Legal).

**Management** – Travers Smith (Legal).

## Endless acquires Bathstore

### TURNAROUND INVESTOR

Endless has bought UK-based bathroom retailer Bathstore from Wolseley for an estimated £15m.

Endless invested £11m through its Fund III, which closed on £220m in July 2011.

The investment will underpin the growth of the company's e-commerce offering and the acquisition of further stores.

Founded in 1990 and headquartered in Watford, Bathstore is a national bathroom retailer. In 2011, the firm recorded a £95m turnover and a £6.5m EBITDA. Bathstore employs around 500 members of staff at its 169 stores across the UK.

### ADVISERS

**Equity** – Walker Morris, Debbie Jackson (Legal).

**Vendor** – Sentio Partners (Corporate finance); Addleshaw Goddard (Legal).

NAME	Bathstore
DEAL	Buyout
VALUE	£15m est
LOCATION	Watford
SECTOR	Speciality retailers
FOUNDED	1990
TURNOVER	£95m
EBITDA	£6.5m
STAFF	c500
VENDOR	Wolseley

[unquote.com/2174254](http://unquote.com/2174254)

the sale of spin-off App-DNA in October 2011, brings the backer's total return to 17.8x aggregate for Matrix. Matrix was the largest single shareholder, followed by management, then Foresight, with roughly half the equity stake of Matrix.

The combined exits have delivered total proceeds of £18m for Matrix's Income & Growth VCT over the life of its investment; £500,000 invested in App-DNA sold for £16m, and £500,000 in Camwood sold for £1.9m.

### ADVISERS

**Company and management** – Osborne Clarke (Legal).

**Vendor** – Marriott Harrison (Legal).

## Dunedin reaps 2.4x on sale of WFEL

**DUNEDIN CAPITAL** Partners has sold military equipment producer WFEL to German trade player KMW.

The sale generated a 2.4x multiple for Dunedin. Partner Dougal Bennett stated that the business has seen significant international growth in the last five years, having increased sales by 70% to £36.2m in 2011.

Dunedin took a majority stake in a £48m buyout of WFEL in 2006, investing £21m equity from its £250m second buyout fund. The deal was supported by £27.5m of senior debt, trade financing, and working capital, provided by Barclays Leveraged Finance and Kaupthing Singer & Friedlander (currently in administration).

### ADVISERS

**Vendor** – PricewaterhouseCoopers, Stuart Warriner, Andi Tomkinson, Darren Jukes, Ben Mitchell, Sarah Walters (Corporate finance); Pinsent Masons, Gregg Davison, Mark Whittaker (Legal).

**Equity** – Travers Smith, Andrew Gillen (Legal, UK); Oppenhoff & Partner, Michael Abels (Legal, Germany); Steen Associates, Joerg Freimund (Corporate finance).

NAME	WFEL
DEAL	Trade sale
LOCATION	Stockport
SECTOR	Defense
FOUNDED	1915
TURNOVER	£36.2m
STAFF	228
VENDOR	Dunedin Capital Partners
RETURNS	2.4x, 15-20% IRR

[unquote.com/2179026](http://unquote.com/2179026)

## EV backs MBO of HSEC

### VENTURE CAPITAL firm

EV has backed the £2.7m management buyout of Health Safety and Engineering Consultants (HSEC), based in Ashby-de-la-Zouch.

Debt facilities were provided by The Co-operative Bank and include funding to support future growth.

### ADVISERS

**Management** – Haines Watts Chartered Accountants, Ryan Wilkinson (Corporate finance).

NAME	HSEC
DEAL	MBO
VALUE	£2.7m
LOCATION	Ashby-de-la-Zouch
SECTOR	Business support services
FOUNDED	1991
STAFF	22

[unquote.com/2169702](http://unquote.com/2169702)

## Matrix reaps 17.8x on Camwood

**MATRIX PRIVATE** Equity Partners and Foresight Group have sold their original stake in IT services business Camwood back to management.

The deal generated a return of 3.8x money for Matrix which, together with proceeds from

NAME	Camwood
DEAL	Management buy-back
VALUE	£1.9m
LOCATION	London
SECTOR	Computer hardware
FOUNDED	1997
STAFF	80
RETURNS	3.8x

[unquote.com/2171961](http://unquote.com/2171961)

## Gresham backs IESA MBO

**GRESHAM PRIVATE** Equity has invested £23m in the management buyout of UK-based expenditure management company Integrated Engineering Stores Associates (IESA).

NAME	IESA
DEAL	MBO
LOCATION	Warrington/Birchwood
SECTOR	Business support services
TURNOVER	£100m
STAFF	240

[unquote.com/2178288](http://unquote.com/2178288)

The GP took a majority stake in the company. Investec Growth & Acquisition Finance provided £27.5m in debt, including working capital.

The buyout plan is to exploit market opportunities in the UK and seek international development. The GP also plans to expand the business into new verticals, including the pharmaceutical and paper industries.

Warrington-based IESA was established in 2001 as a manager of manufacturing facilities.

After investing heavily in IT, it now provides a software that manages maintenance, repair and operating goods expenditure for businesses.

IESA's clients includes AstraZeneca, Premier Foods and Jaguar Land Rover. The business has a turnover of £100m and employs 240 people.

#### ADVISERS

**Equity** – Addleshaw Goddard, Yunus Seedat, Garry Elliott, Kat Waugh (Legal); Grant Thornton, Will Oxley, Lisa Bardsley (Financial due diligence); PricewaterhouseCoopers, Nick Hatton (Tax); Intuitous (IT due diligence); Diligencia, Tim Worrall (Management due diligence); Aon, John Donald (Insurance due diligence); AMR International, Jim Easton, Matthew Altham (Commercial due diligence).

**Vendor** – Stuart Lees (Financial due diligence).

**Company** – KPMG, Alex Hartley, Richard Stark (Corporate Finance).

**Management** – Cobbetts, Sean Fitzgerald (Legal).

## Endless acquires 60% of Cinesite from Kodak

### TURNAROUND INVESTOR

Endless has acquired a 60% stake in London-based visual effects company Cinesite from Kodak.

The transaction was made through Endless's Fund III, which closed on £220m in July 2011.

The investment will underpin the global expansion of the firm, the growth of the team and the development of the visual effects service offering.

Founded in 1991 and headquartered in London, Cinesite is a creative visual effects company. The firm produces digital effects for feature films and TV shows including Pirates of the Caribbean, X-Men and Harry Potter.

#### ADVISERS

**Equity** – Dundas & Wilson (Legal).

NAME	Cinesite
DEAL	Buyout
LOCATION	London
SECTOR	Broadcasting & entertainment
FOUNDED	1991
TURNOVER	£25m
STAFF	170
VENDOR	Kodak

[unquote.com/2174058](http://unquote.com/2174058)

## ACQUISITION FINANCE

### HgCapital's Voyage Care acquires Solor Care

**HGCAPITAL AND** SL Capital Partners portfolio company Voyage Care has acquired UK care provider Solor Care from Barclays Ventures and RBS.

NAME	Solor Care
DEAL	Acquisition finance
LOCATION	Surrey
SECTOR	Healthcare providers
STAFF	1,200
VENDOR	Barclays Ventures, RBS

[unquote.com/2169668](http://unquote.com/2169668)

The deal was funded via existing capital and a fresh capital injection from HgCapital and SL Capital Partners.

The acquisition will consolidate Voyage's existing service offering in England and expand its presence in the South East. The combined workforce totals 7,000.

HgCapital acquired Voyage Care (then Paragon Healthcare Group) from Duke Street in a £322m deal in 2006. All 92 Solor Care homes will become part of Voyage Care, which has a £142m annual turnover.

Solor Care provides care services at 59 residential centres and supported living in 28 locations. It also operates five day-care centres. Key customers include county councils across the UK.

## EARLY-STAGE & EXPANSION

### Vitruvian leads \$64m round for Just-Eat

**VITRUVIAN PARTNERS** has led a \$64m funding round for London-based online takeaway ordering service Just-Eat.

Co-investment was provided by previous investors Index Ventures, Greylock Partners and Redpoint Ventures. The investment will underpin international expansion, acquisitive growth and product development.

Vitruvian invested through its inaugural vehicle Vitruvian Investment Partnership, which closed on €925m in 2008.

Index Ventures led a £10.5m series-A funding round for Just-Eat in July 2009, with co-investment provided by Venrex Investment Management and existing shareholders. In March 2011, Index reinvested in the company as part of a \$48m funding round led by Greylock Partners and Redpoint Ventures.

NAME	Just-Eat
DEAL	Expansion
VALUE	\$64m
LOCATION	London
SECTOR	Internet
FOUNDED	2001

[unquote.com/2171305](http://unquote.com/2171305)

#### ADVISERS

**Equity** – SJ Berwin (Legal); KPMG (Financial due diligence).

**Company** – Torch Partners Corporate Finance (Corporate finance); Bird and Bird (Legal).

## Graphite Capital injects £21m into Rex Restaurants

**GRAPHITE CAPITAL** has invested £21m in UK-based operator of high-end restaurants Rex Restaurants.

The investment was made through the Graphite Capital Partners VII vehicle, which closed on £585m in 2007 and targets mid-market companies in the UK.

The fresh capital will underpin the opening of a two further restaurants and a boutique hotel in central London locations.

The transaction is in line with Graphite's experience in the hospitality industry, following investments in restaurant chain Wagamama, The Groucho Club and The Third Space gym chain.

Founded in 2003 by restaurateurs Chris Corbin and Jeremy King, Rex Restaurants operates high-end restaurants and bars including The Wolseley and The Delaunay in London.

The investment will support plans to open a new brasserie, live music and cabaret venue in Crown Estate's Quadrant regeneration development, Piccadilly; a brasserie on Sloane Square; and a boutique hotel in Mayfair.

### ADVISERS

**Equity** – SJ Berwin, Richard Lever, Aprajita Dhundia, Ximena Negretti (Legal); Rees Pollock, Jonathan Munday, Phil Vipond (Financial due diligence); PricewaterhouseCoopers (Tax).

**Company** – Marechale Capital, Robin Black (Corporate finance); Macfarlanes, Howard Corney, Will David (Legal); Berwin Leighton Paisner, David Batiscombe, Laura Wild (Legal).

NAME	Rex Restaurants
DEAL	Expansion
VALUE	£21m
LOCATION	London
SECTOR	Restaurants & bars
FOUNDED	2003
TURNOVER	c€14m
STAFF	370

[unquote.com/2170358](http://unquote.com/2170358)

P2i was established in Oxfordshire in 2004. It posted a turnover of £6m and losses of £5m in 2011. It employs 151 staff.

## ISIS backs inov-8 with £12m

**ISIS EQUITY** partners has backed UK-based sportswear manufacturer Inoveight Holdings Limited with a total equity investment understood to amount to around £12m.

The private equity firm invested via its ISIS IV fund, which closed on £238.5m in 2008, exceeding its £200m target. ISIS closed the vehicle's successor, ISIS V, on £360m at the end of April.

The investment will drive the company's expansion into new markets and finance product development.

Based in County Durham and founded in 2003, Inoveight manufactures sportswear under the inov-8 brand of on- and off-road running and fitness products.

NAME	Inoveight Holdings Limited
DEAL	Expansion
VALUE	c£12m est
LOCATION	County Durham
SECTOR	Speciality retailers
FOUNDED	2003
STAFF	44

[unquote.com/2174424](http://unquote.com/2174424)

### ADVISERS

**Company** – Pinsent Masons, Peter Wood, Michael Walby, Andy Phillips (Legal); KPMG, Rod Wilkinson, Graham Pearce (Corporate finance).

## BGF and NVM Private Equity invest £10m in Wear Inns

**THE BUSINESS** Growth Fund (BGF) and previous backer NVM Private Equity have invested a joint £10m in UK pub chain Wear Inns.

BGF contributed £8m to the round in exchange for a minority stake, with NVM providing the remaining £2m. The latter has backed the business since inception in 2006 and now has £6.2m of capital invested in the business.

This is the second co-investment out of eight deals completed since inception for BGF. Wear Inns will use the fresh capital to acquire new sites in the coming months and hire up to 40 new staff.

Wear Inns is based in Billingham, currently operates 15 freehold community pubs, employs 175 staff and generates net revenues of £7.3m.

NAME	Wear Inns
DEAL	Expansion
VALUE	£10m
LOCATION	Billingham
SECTOR	Restaurants & bars
FOUNDED	2006
TURNOVER	£7.3m
STAFF	175

[unquote.com/2173022](http://unquote.com/2173022)

## Naxos leads consortium in £12m P2i expansion deal

**FRENCH GP** Naxos Capital Partners has taken part in a £12m funding round for British liquid repellent coating firm P2i.

Half of the fresh capital was provided by Ombu Group, which previously invested £4m in P2i in August 2011. Naxos,

Unilever Ventures and Swarraton Partners originally acquired stakes in the company through a £4.1m expansion round in 2009. The shareholders hold a "significant" stake between them, according to Ombu.

NAME	P2i
DEAL	Expansion
VALUE	£12m
LOCATION	Oxford
SECTOR	Speciality chemicals
FOUNDED	2004
TURNOVER	£6m
EBITDA	£5m loss
STAFF	151

[unquote.com/2170198](http://unquote.com/2170198)

### ADVISERS

**Equity** – Addleshaw Goddard (Legal); Dickinson Dees (Legal).

**Vendor** – KPMG (Financial due diligence).

**Company** – Watson Burton (Legal).

## Balderton leads £10m series-C for MedicAnimal

**BALDERTON CAPITAL** has led a £10m series-C financing round for online pet supplies retailer MedicAnimal.com.

Other participants in the round include Iris, which led a previous round in 2010, and angel investors from Europe, the US and Asia.

The investment is intended to strengthen the company's position in the UK market and expand the business to continental Europe.

MedicAnimal.com, launched in 2007, is an online retailer of pet supplies. The company, which is registered as a veterinary dispensary and pharmacy in the UK, also offers clients free animal care advice from in-house veterinarians and pharmacists.

NAME	MedicAnimal.com
DEAL	Expansion
VALUE	£10m
LOCATION	London
SECTOR	Speciality retailers
FOUNDED	2007

[unquote.com/2173916](http://unquote.com/2173916)

## notonthehighstreet.com receives £10m series-D round

### FIDELITY GROWTH

Partners Europe (FGPE) has joined previous investors Index Ventures and Greylock Partners in a £10m funding round for UK online business notonthehighstreet.com.

The investment will support the company's growth in the UK and its international expansion. It follows the website's recent introduction of multi-currency functionality. FGPE invested from its £100m fund, raised in 2010.

The company received £7.5m from Index Ventures and Greylock in 2010, following a £1m investment by Venrex Investment Management in 2008 and undisclosed early-stage funding from SPARK Ventures in 2007.

NAME	notonthehighstreet.com
DEAL	Expansion
VALUE	£10m
LOCATION	London
SECTOR	Speciality retailers
FOUNDED	2006
TURNOVER	£6.4m (2010)

[unquote.com/2178315](http://unquote.com/2178315)

## Augmentum leads £7.5m round for Bathrooms.com

**AUGMENTUM CAPITAL** has led a £7.5m series-B round for Leighton Buzzard-based bathroom products retailer Bathrooms.com.

Existing investor Dawn Capital participated in the funding round. The investment

NAME	Bathrooms.com
DEAL	Expansion
VALUE	£7.5m
LOCATION	Leighton Buzzard
SECTOR	Speciality retailers
FOUNDED	2004
TURNOVER	>£5m
STAFF	>50

[unquote.com/2169543](http://unquote.com/2169543)

will drive the company's expansion in the bathrooms market, with the aim of taking advantage of consolidation opportunities.

Augmentum is a mid-stage venture capital fund founded in 2009 and backed by RIT Capital Partners.

Dawn Capital led a series-A funding round for Bathrooms.com in 2010, appointing investment partner Chad Raube to the board.

Founded in 2004 and based in Leighton Buzzard, Bathrooms.com is an online consumer and trade retailer of bathroom products. The company currently employs more than 50 employees in the UK and China, and has a turnover of more than £5m.

## Ludgate Investments backs Tamar Energy with £7m

### LUDGATE INVESTMENTS

has injected £7m into Tamar Energy, a UK-based company that produces energy from organic waste.

Ludgate joins previous investors RIT Capital Partners, Fajr Capital, the Duchy of Cornwall and other private investors.

The investment will fund the construction and development of anaerobic digestion plants to produce renewable energy.

Fresh capital was drawn from the Ludgate Environmental Fund vehicle, which launched in 2007 and currently has assets of approximately £39m under management.

Founded in 2012 and based in the UK, Tamar Energy produces energy from organic waste.

NAME	Tamar Energy
DEAL	Expansion
VALUE	£7m
LOCATION	London
SECTOR	Alternative energy
FOUNDED	2012

[unquote.com/2171964](http://unquote.com/2171964)

## Gimv invests £5.7m in series-B round for Prosonix

**GIMV HAS** committed £5.7m to the second closing of a series-B financing round, now totalling £17.1m, for UK-based pharma company Prosonix.

Gimv is joining existing investors Ventech, Gilde Healthcare Partners, Entrepreneurs Fund, Quest for Growth, and Solon Ventures, which kick-started the round with an £11.4m investment in July 2011.

The new funding will support the development of the company's product range of excipient-free, drug-only inhalable mono and combination therapies.

Prosonix is an Oxford-based pharmaceuticals company focusing on inhaled respiratory medicines.

NAME	Prosonix
DEAL	Early stage
VALUE	£5.7m (£17.1m total)
LOCATION	Oxford
SECTOR	Pharmaceuticals
FOUNDED	2006

[unquote.com/2179260](http://unquote.com/2179260)



## BGF injects £3.85m into M Squared

**THE BUSINESS** Growth Fund (BGF) has invested £3.85m for a minority stake in Glaswegian laser and detection technology company M Squared Lasers.

BGF usually takes stakes of 10-40%. BGF's equity investment will fund M Squared Lasers' R&D programme – with a particular focus on the company's Firefly product – as well as its sales and marketing efforts.

M Squared Lasers designs and manufactures lasers and photonic optical instruments. It currently employs 30 people but is planning to hire an extra 20 staff next year and another 20 the year after. The GP expects M Squared's revenues to double as a result of the investment.

### ADVISERS

**Equity** – HBJ Gateley (Legal); Baker Tilly (Corporate finance).

**Company** – Deloitte (Financial); Johnston Carmichael (Corporate finance); MBM Commercial (Legal).

NAME	M Squared Lasers
DEAL	Expansion
VALUE	£3.85m
LOCATION	Glasgow
SECTOR	Electronic Equipment
FOUNDED	2005
STAFF	30

[unquote.com/2171729](http://unquote.com/2171729)

IV vehicle, which closed on £150m in 2009. Finance Wales invested alongside a business angels syndicate. The capital will fund the expansion of Creo's staff base.

Founded in 2003 and based in Chepstow, Creo Medical (formerly MicroOncology Ltd) is a medical device company. The firm focuses on the development of microwave and radio frequency technology for precise tissue resection, ablation and coagulation.

## Oxford Capital leads £2m round for BagThat

**OXFORD CAPITAL** Partners has led a £2m financing round for UK-based online shopping firm BagThat Trading.

Oxford Capital invested alongside syndicated private individuals. Negotiations for further investment from institutional parties are underway.

The fresh capital will underpin further site development and an increased focus on marketing.

Based in Milton Keynes and founded in January 2011, BagThat is an online store that allows buyers to decide how much they are willing to pay for certain branded goods. The company launched on 1 May this year.

### ADVISERS

**Company** – Everyman Legal, Ed Burrell (Legal).

NAME	BagThat Trading
DEAL	Early-stage
VALUE	£2m
LOCATION	Milton Keynes
SECTOR	Internet
FOUNDED	2011
STAFF	8

[unquote.com/2175119](http://unquote.com/2175119)

## Ludgate backs Ignis Biomass

**LUDGATE INVESTMENTS** has injected £3.1m into Ignis Biomass, a UK-based renewable energy company, in exchange for a minority stake.

The fresh capital will support the construction of a biomass energy plant in Wick to feed the district heating network, which is to be bought from the Highland Council.

The investment was made through the Ludgate Environmental Fund, which launched in 2007 and currently has assets of approximately £39m under management.

Richmond-based Ignis Biomass generates renewable energy from sustainable sources.

NAME	Ignis Biomass
DEAL	Expansion
VALUE	£3.1m
LOCATION	Richmond
SECTOR	Alternative energy

[unquote.com/2171987](http://unquote.com/2171987)

## US firm Swander Pace backs Cambrian Pet Foods

**US PRIVATE** equity firm Swander Pace Capital has backed Welsh pet food firm Cambrian Pet Foods.

The investment will fund the expansion of the company and is in line with Swander Pace's focus on the consumer sector.

Based in Carmarthenshire and founded in 1982, Cambrian Pet Foods manufactures wet and dry branded and retailer-branded pet food. The firm primarily manufactures under its own Gelert brand.

Cambrian Pet Foods employs 80 members of staff across sites in Pencader and Llangadog and has an annual turnover of £16m.

### ADVISERS

**Management** – Morgan Cole (Legal).

NAME	Cambrian Pet Foods
DEAL	Expansion
LOCATION	Carmarthenshire
SECTOR	Speciality retailers
FOUNDED	1982
TURNOVER	£16m
STAFF	80

[unquote.com/2175095](http://unquote.com/2175095)

## Finance Wales backs Creo Medical

**FINANCE WALES** has made a £1.36m equity injection into Chepstow-based medical devices company Creo Medical as part of a £3m funding round.

The investment was made through the Finance Wales

NAME	Creo Medical
DEAL	Early-stage
VALUE	£3m
LOCATION	Chepstow
SECTOR	Medical equipment
FOUNDED	2003

[unquote.com/2173036](http://unquote.com/2173036)

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# Trade winds blowing

Once attractive for their low costs, emerging markets are increasingly offering exit routes for European private equity houses. How important is a local presence? **Kimberly Romaine** reports



**Lyndon Lea**, partner at Lion Capital, says that emerging markets investors are becoming more interested in European firms

**G**O BACK 10 years, and talk of China and India centred around low-cost manufacturing. Now, *unquote* has recorded six sales of European private equity-backed businesses to trade buyers in these emerging markets in the last 18 months, with Lion Capital's sale of UK cereal business Weetabix to China's Bright Food for £1.2bn the latest in Europe. That week, Indian drugmaker Piramal Healthcare bought US-based healthcare data provider Decision Resources Group from

Providence Equity Partners for \$635m. A month earlier, Duke Street sold Adelle Food to India Hospitality for \$350m, and, in December 2010, Italy's Investindustrial reaped a 3.6x multiple when it sold Italmatch Chemicals to a Chinese investor, a few months after opening a Shanghai office.

At the end of last year, Shandong Heavy Industry Group bought luxury Italian yacht-maker Ferretti for €220m. The business had been backed by Arle (then Candover).

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*“There are numbers of companies sitting on large amounts of cash. They are being encouraged, as a matter of Chinese national policy, to have more international brands”*

**Jonathan Reardon, Pinsent Masons**

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There may be more to come, with Permira’s Bird’s Eye attracting interest from Thai firm Charoen Pokphand Foods in what could be a £2.5bn sale. Lion is also eyeing up another sale to an Asian trade buyer.

“Big companies in China are hungry to do deals,” says Jonathan Reardon, Pinsent Masons’ head of corporate in Asia.

Bright Food approached Lion for the iconic British brand – Lion’s first deal as an independent operator: “There were many approaches over the years, some of which were entertained and others which were turned away outright. So to let Weetabix go, we would have to realise a significant price or know that we could share in the continuing upside,” explains Lyndon Lea, partner at Lion Capital. Bright Food offered both: by taking a 60% stake in the deal, Lion will ultimately make at least 4.7x money, and maybe more when the remaining stake is eventually sold.

Bright Food’s acquisition of Weetabix marked a high point in the acquirer’s two-year quest to snap up international brands: it had previously attempted, unsuccessfully, to buy yogurt business Yoplait, sugar company Sucrogen, consumer giant United Biscuits and nutritional company GNC in the US. Its luck in Australasia was better, with two brands in its portfolio from the region.

“We will see more of this trend,” says Reardon. “There are numbers of companies – state-owned enterprises and privately owned – sitting on large amounts of cash. They are being encouraged, as a matter of Chinese national policy, to have more international brands. There are also strategic reasons, as domestic business alone becomes more challenging or the international target can add more to the Chinese domestic business through technology, for example.”

In a recent survey conducted by Grant Thornton, 46% of privately held businesses in mainland China indicated an intention to grow through acquisition over the next three years. This is up markedly from 26% a year earlier.

“Acquiring an established western brand lends authenticity to the purchaser, while the purchaser has access

to new markets and possibly more efficient manufacturing techniques to help grow profit,” says Simon Turner, managing partner at Inflexion Private Equity.

The fact that Chinese corporates are looking at private equity-backed businesses may also be an indirect consequence of changes to the UK Takeover Code, which last September made delisting a business listed in the UK more difficult – and privately held companies relatively more attractive targets. “Chinese companies are relatively new to the game of outbound expansion and acquisitions. They are learning through experience, so the more straightforward the deal and the more professional support they get, the more likely it is to complete,” says Reardon.

#### **Who you know or what you know?**

Relationships often play a big role in deals, especially in new markets – but whether the relationship requires a local presence polarises opinion. “It’s extremely helpful to have a presence on the ground to identify opportunities for potential buyers of assets or acquisition and expansion opportunities,” explains Reardon.

Inflexion is the latest to have announced a presence in each of China, India and Brazil, joining the ranks of LDC, Cinven, Terra Firma, Baird and Bridgepoint in terms of an emerging markets presence. Providence established its Hong Kong and New Delhi offices in 2007 and its Beijing office earlier this year, while Summit opened an office in Mumbai in February. The GP stated its intention to increase its investment activity in India, but also that it will be used to provide support to US and European portfolio companies looking to expand in the region – namely Belkin, Ogone and Snap Fitness.

But who needs the relationship? It depends on the goals, says Daniel Domberger, director at Livingstone Partners: “If a GP intends to be very operationally involved with a target and it is seeking or has business in China or India, then it can make sense for that GP to be on the ground. It will also depend on the volume of investments the house makes.”

This is one reason it might make sense for LDC and Baird to have local presences. “Baird, for example, works closely with portfolio companies on manufacturing in China. If this is an important part of the business, then an investment from Baird, all other terms being equal, may be more attractive to a target than an equivalent offer from another private equity house.”

While some deem a local presence key to wooing trade buyers down the line, others feel the presence is likely to be more helpful to win a deal in the first place – by impressing incumbent management that you’re serious about the Asian growth story. “Simply opening an office in China will not help you get on the radar of potential trade buyers. The significant relationship is the one the potential buyer has with the management team, not the backer,” says Sean Whelan, ECI managing director, indicating announcements by some firms of regional openings may be mere marketing efforts.

WCI Consulting was sold to Indian technology firm TAKE Solutions at the beginning of last year. ECI, its backer, has no presence outside the UK and has no plans to establish any. “WCI had a relationship with TAKE two years prior to the sale,” Whelan explains – adding that relationships are important, but between management and the buyer, not the GP and buyer. “As TAKE were ultimately buying senior management, it was crucial they had a rapport. This doesn’t come overnight by issuing an investment memorandum on the desk and asking for a bid within a month.” Similar to the Weetabix sale, ECI retain a stake in WCI and so may reap further upside.

“The relationship side of things is very important. Trade buyers in India and China may be willing to take part in a process, but they prefer to build a relationship that pre-empts that process and to deal one-on-one if possible,” explains Domberger. Indeed, Livingstone was involved in the sale of WCI, while Lion worked with Bright for a full year before the deal completed.

“Clearly, when a portfolio company operates locally, it helps attract attention; that could be on either the

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*“Clearly, when  
a portfolio  
company  
operates  
locally that  
helps attract  
attention”*

Simon Turner,  
Inflexion  
Private Equity

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sales side or supply chain,” says Turner. “We also think that a local presence helps and the support teams we have in place will certainly help us. Particularly in the markets we focus on, local knowledge and local relationships unlock opportunities. Local corporate finance relationships are important too, but, as with all relationships, you need to keep them warm, so being in the same location is paramount.”

#### **Long-distance relationship**

“Bright Food is government-owned, so several levels of approval were needed. It also had no track record of acquisitions in Europe. Despite this, it ran smoothly,” Lea explains. And perhaps, some might say, despite Lion’s lack of any office there. The firm operates its consumer-focused business solely out of offices in North America and Europe – the two geographies it targets for investment.

“Around half our exits are done without an auction,” says Lea. “We own strategic assets, so the exit is often fairly evident. You get better speed and certainty of execution this way. Of course, with financial buyers we would usually seek intermediation, but with strategic buyers it is more straightforward.”

“We open doors through our sector focus. For example, historically we have found we can simply say to a business ‘we have similarities’ – be they pricing issues, concerns with moving a manufacturing base or maybe we’re direct competitors. It means we speak the same language and it doesn’t matter if we have a local office or not. I have been humbled and shocked by the ability to pick up the phone to some large businesses – with 14 businesses in the consumer sector we can seem not dissimilar to a consumer company the scale of Heinz to certain players. As such, a local presence – unless you are a generalist – is not necessary.”

And some say it is even a very expensive marketing effort. “Astute investors like to see ‘local presence’ if the GP’s target companies are small- and medium-sized businesses in that location,” says John Hess, chief executive of gatekeeper Altius Associates.



*“I have been humbled and shocked by the ability to pick up the phone to some large businesses. As such, a local presence – unless you are a generalist – is not truly necessary”*

**Lyndon Lea, Lion Capital**

He would know – Altius’s clients consist of 17 investors, roughly half of which are US-based.

“Investors will look at the competencies of what the GP is trying to do in its core markets,” Hess continues. “Sure, if the focus is on growth companies in Brazil, then a GP needs a local presence. But if the local presence is only to help the GP’s investee companies source a low-cost manufacturing market, then there has to be a proven value added. Sometimes I wonder if these arguments are more for marketing purposes than for substantive added value, but then I am an old sceptic.”

There are whispers of the reliability of offers from trade buyers in emerging markets, though they are dissipating, perhaps as they hone their buying skills. “We’d had a number of flirts with Indian trade buyers but it’s never come to anything. Previously they had a reputation for looking but not ever executing. So the market was largely sceptical of their ability to deliver a result. But TAKE was very honourable in their conduct,” Whelan says.

And Western advisers may help iron out any remaining wrinkles. “There is a sophisticated growing corporate finance network in Shanghai, Beijing and Hong Kong. There is a lot more play now between local offices there and UK/US/European offices to identify opportunities,” says Reardon.

Indeed the auction by 3i of loading equipment maker Hyva Group ultimately went to a Hong Kong consortium, but attracted at least one Chinese trade bidder. CSFB in

London was the mandated corporate financier and involved its Asian offices.

“There could have been communication breakdowns, but Bright had a very skilled adviser. Both sides had frustrations, largely down to the different cultures. It’s been educational, and tremendous patience saw us through,” Lea says.

With 40% of Lion’s skin still in the game, the deal is something of a joint venture. Says Lea: “If we took ourselves to India or China on our own accord, it would have been a very difficult start. It would have taken decades to gain traction. Any new brand entering a foreign market will be cashflow negative for some time. The relationships just aren’t there. But Bright has a ready-made distribution chain of lots of supermarkets in China. A more straight-forward joint venture would have been more complicated at the time of sale, with change of control issues, transfer pricing etc. As it stands, we have a formula in place for when it is time to sell, and a floor on the price.”

Lion has done well for its investors by selling the UK’s most iconic breakfast brand to China – but is one of a small few to have done so as a GP in Europe without a presence there. Eurozone issues are forcing down the value of the euro, making further European acquisitions more attractive for foreign buyers. “It’s extremely helpful to have a presence on the ground to identify opportunities for potential buyers of assets or acquisition opportunities. We will see more European private equity firms setting up offices in China,” Reardon says. ■

#### Notable European private equity exits to emerging-market buyers

Target	Date	PE Vendor	Value	Acquirer
Weetabix	May 2012	Lion Capital	£1.2bn	Bright Food, China
Adelie Food	April 2012	Duke Street Capital	\$350m	India Hospitality, India
Ferretti	January 2012	Arle (banks)	€220m	Shandong Heavy Industry, China
WCI Consulting	January 2011	ECI	n/d	TAKE Solutions, India
Italmatch Chemicals	December 2010	Investindustrial	€100m	Mandarin Capital, China

Source: unquote data”

Subjected to unstable public markets since the 2008 crisis, many quoted vehicles have seen their value fall. **John Bakie** investigates if this may change soon

# Listed private equity recovery underway



**Stuart Howard**,  
COO, HarbourVest

**T**HE RECENT past has been tough for private equity's listed funds. Subjected to the full force of public markets during the fallout of the financial crisis, many vehicles have seen progressively dwindling share prices and deepening discounts.

Stuart Howard, chief operating officer (COO) of European listed products at HarbourVest, and a 3i veteran, believes this may end soon, saying the tide is turning for listed private equity. While funds suffered in the wake of Lehman Brothers' collapse, the recovery is now beginning. "HVPE (HarbourVest Global Private Equity) listed in 2007, and while net asset value (NAV) has climbed some 35%, shares slipped from a starting price of \$10 down to around \$5. Now they are starting to recover and are trading nearer to \$7," he explains.

Howard believes the key to reducing the discount gap and improving investor interest in listed private equity is better communication by the industry. "Private equity has been very private and not open enough, but we need to explain this distinct asset class to investors," he says.

Since joining HarbourVest in January, Howard has held some 80 meetings with investors, brokers, journalists and trade bodies to further the message about what listed private equity is and how it can benefit a portfolio.

Listed Private Equity's (LPEQ) Ross Butler agrees with Howard's strategy of educating investors: "We're dedicated to raising awareness of private equity in listed markets, and we have made a lot of progress in this area since LPEQ was founded in 2006."

Confusion about what listed private equity is, and how it differs from other alternative assets, can be a key barrier to investment. "I have spent a lot of time explaining to investors that private equity is not overvalued, and it's not all about fees on top of fees," says Howard. Many investors naturally tend to compare private equity to hedge funds, but Howard says they often fail to realise that fee structures are largely the same and the private equity model makes returns in a very different way to a hedge fund. "Debunking myths is a key part of what we are doing," he adds.

Investors may also be put off by the poor performance of a number of funds following the financial crisis. As the Five-year %NAV performance table (*see below-left*) shows, some of the biggest post-crisis names in listed private equity have seen NAV collapse since 2007. These high-profile cases will have spooked many investors and have led to discounts widening to 60% or more at the bottom of the market.

However, with discounts starting to close, many public market investors may be getting over their fear of the asset class. Jock Green-Armytage, part of JZ Capital Partners' (JZCP) European team, says: "The large discount is largely the result of an overreaction to some poorly performing, iconic funds. Investors are starting to realise that many of the funds that did badly were over-committed and under-resourced when the crisis hit, which is not the case for many other funds."

Talk alone is not enough to convince investors; listed funds also need to demonstrate that they can return money to investors. Deep discounts to NAV seen after the collapse of Lehman Brothers could be beneficial to investors.

"The discount to NAV has widened dramatically. Having historically sat at a percentage discount in the mid-teens, today funds are trading at an average discount of more than

Five-year %NAV performance*	
Firm	Performance
3i	-72.30%
Candover	-50.22%
SVG Capital	-51.40%
F&C PE	23.41%
Electra	18.16%
HgCapital Trust	58.86%

\* Selected funds, May 2007 to YTD  
Source: Morningstar

*“I have spent a lot of time explaining to investors that private equity is not overvalued, and it’s not all about fees on top of fees”*

**Stuart Howard, HarbourVest**

30%, and listed private equity has not seen a recovery in line with the rest of the stock market,” says Butler. While this may have caused concern among investors, it also offers them the chance to obtain shares at a deep discount and benefit from significant uplift over the long-term.

However, for some public-market investors, the prospect of distant capital gains may be less tempting than obtaining significant yield. “There’s a pretty big focus on yield in the investment world at the moment,” Butler says.

#### **Show me the dividend**

Some listed funds are already exploring options to pay dividends on a more regular basis. F&C Private Equity recently announced it would seek to do so, equivalent to 4% of NAV. The news was met with a sudden rise in the fund’s share price and reduction in its discount, though it is unclear whether this change was due to good performance figures or the revised dividend offer.

In May, JZCP followed in F&C’s footsteps, announcing it would pay a dividend calculated at 3% of NAV per annum, representing a yield at discount of approximately 5% (based on 16 May share prices). This too was met with an increase in share price and closing of the discount gap.

Green-Armytage says: “[The dividend] does have an effect on investor sentiment. At our current share price, this is equivalent to a 5% yield, which is difficult to get at the moment.”

David Macfarlane, chairman of JZCP, adds: “For investors, being paid an income while you wait until you can realise your capital increase is an attractive prospect.”

However, despite investor appetite for yield at the moment, listed private equity is, and will remain, an asset class that is primarily focused on capital growth over

income, and those investing should expect a long-term commitment.

“There are a number of funds now looking at dividend payments as a method of discount control,” says Butler, “but those investing in listed private equity should be focused on the potential for capital gain.”

Green-Armytage agrees that capital growth is still the primary driver in private equity investment: “The dividend is a good way of smoothing out the discount but will not close the gap on its own.”

Figures from LPX (*see below*) show how listed private equity funds have, over the long-term, significantly outperformed other benchmarks, and with many funds currently selling at a discount of around 30%, there are significant opportunities for uplift over and above the achievement of NAV. With a number of funds now seeing exits in their underlying portfolios, listed funds will be hopeful investors will start to come on board again as they see funds demonstrate the real value being created in their portfolios. ■

<b>Total return performance to period ending 20 April 2012</b>				
	<b>1 year</b>	<b>3 year</b>	<b>5 year</b>	<b>10 year</b>
LPX Europe NAV	3.52%	35.08%	-7.3%	41.29%
LPX Europe	-12.51%	91.22%	-46.84%	8.01%
MSCI World	7.17%	60.25%	-4.41%	10.82%
MSCI Europe	-4.1%	50.81%	-20.71%	16.68%
FTSE All Share	7.31%	76.89%	-11.69%	24.51%
S&P500 Composite	16.18%	72.56%	6.59%	0.74%

Source: LPX

Three-quarters of European investors intend to sell their private equity assets within the next two years, according to research by Collier Capital. **Olivier Marty** explores the drivers behind the trend

# Secondaries boom unlikely to end soon

**T**HE RISE of global secondaries transactions, estimated to reach an aggregate value of between €25-30bn this year, up from €20bn in 2010 and €25bn in 2011, seems set to continue.

Familiar drivers – portfolio management as well as regulatory pressures affecting banks and insurance companies – will mean Europe will host the bulk of secondary assets to be sold within the next two years. Roughly half of investors expect to sell US private equity assets and 35% intend to sell Asian ones within the next two years, but this proportion stands at a staggering 76% for European assets, according to recent research presented by Francois Aguerre of Collier Capital at this year's annual AFIC gathering in Paris.

"The prominent UK and French markets continue to be fuelled by banks and insurance companies, whereas public pension funds represent the largest category of sellers in the US," says Nicolas Lanel, managing director and head of UBS's European secondary market advisory. Marleen Groen, chief executive and founder at Greenpark Capital agrees: "Many pension funds are also waiting for further clarity on the implications

of the Occupational Pension Funds Directive upon their private equity holdings," and fear renewed recessions in some European countries.

But might the regulatory constraints affecting European banks and insurance companies be overstated? "While Basel III is certainly an important factor, banks are taking a fundamental look at their business strategy in the current economic environment and thinking hard about more efficient ways to deploy capital," argues Bernhard Engelen, managing director of secondaries advisory business Cogent Partners. EVCA head of external relations James Burnham corroborates: "We expect there to be no change to the regulatory treatment of private equity [in CRD IV] as per the original 2006 capital requirements directive aligned with Basel II [enabling] banks to achieve a capital charge as low as 15.2% on private equity."

Also, the effects of Solvency II may not be as stark as feared: even though small companies implementing the standard model are likely to be more affected than the larger ones, most seem to have got to grips with the unusual package and realise holding



*"Banks are taking a fundamental look at their business strategy"*

Bernhard Engelen, Cogent Partners

illiquid and rather low-risk private equity assets is not so bad. Roger Johanson, head of venture capital and infrastructure investments at Skandia Life, shares this view: "Whether or not Solvency II will have an adverse impact on private equity allocation also depends on the broader financial and macroeconomic environment, rather than on the package itself. LPs that have a wide experience of private equity investments are barely affected."

## **A market unlikely to slow soon**

Many trends are still providing impetus to the market, particularly regulatory pressure on financial institutions. While the bulk of the clean-up has already taken place in the US, there remains considerable work to be done in Europe, including in the UK. In mainland Europe, many of the large French programmes have already been restructured or sold, while Germany still offers the potential for some large transactions.

The expected wall of refinancing will also affect the industry, reducing the opportunities for exits and therefore distributions. Signs of GPs restructuring are likely to surface more frequently as well, according to

both Lanel and Groen, as was recently illustrated by the spin-off of Omnes Capital. “But the need for an attractive strategy and the stamina required will limit the number of successful spin-offs,” warns Groen.

How are these settings going to impact the type, quality and price of assets? “Investors are retrenching from the riskier scopes of European private equity, still favouring the dominance of the large buyout funds from the bubble years (estimated to reach a total of \$440bn) where the quality of assets and predictability of exits are best,” says Collier Capital’s Aguerre.

The balance between direct secondaries and traditional secondaries may shift. “Banks have understandably started their disposal programmes with funds’ portfolios but as the inventory of plain-vanilla assets decreases, the proportion of secondary directs will inevitably increase,” argues Lanel.

Groen agrees but states that “directs must have substantially higher expected returns to be worthwhile to invest in, whereas often the quality of the directs portfolios and the managers are less attractive or unproven”.

Against this background, and considering the large amount of capital raised by secondaries funds, pricing should continue to prove resilient: UBS estimates that around \$35bn of dedicated dry powder was available to buyers at the beginning of this year. For the most part, this capital was in the hands of a few large participants, with 20 of the top buyers holding an estimated 85% of that total, and 18 of them each having more than \$1bn at their disposal.

Whether this would favour secondaries pure players like Collier or Greenpark, or hybrid players like AlpInvest, Partners Group or HarbourVest, who are all actively raising, remains to be seen. “GPs generally have a clear preference for buyers that have both primary and secondary capital,” says Cogent’s Engelen, but this of course only works if new primary investments are actually made available. Given the secondaries volume available, the number deals of actually executed is relatively low. Says Lanel: “Ultimately, managers have come to accept that there need not be a stigma associated with one of their LPs having to sell!” ■

## Lack of distributions continues to fuel secondaries as capital calls increase

Greg Gille reports

GPs are still calling on more capital than they are returning to LPs, according to recent research by Triago. The advisory firm expects calls to climb to 11% of committed capital in 2012 from 10% last year, with distributions dropping to 7% from 9%.

Granted, last year showed a healthy increase in divestment activity across Europe, as GPs faced the pressure of returning cash before raising a new vehicle – exit volumes increased by almost 20% from 2010 to 2011, according to *unquote* data. But record amounts of dry powder following the 2008-2009 drought meant managers were also ramping up their investment activity, particularly in the first half of 2011.

Triago managing partner Mathieu Dréan feels this factor partly drove secondaries activity last year and is likely to remain a feature in 2012 as LPs are looking to reallocate their funds to upcoming vintages or new strategies. “Distributions are still subdued, which partly explains the popularity of secondaries as they speed up the process and create much needed cash-back opportunities,” says Dréan. “They therefore address a crucial point that still taints LP/GP relations: duration. This is especially sensitive as the downturn has clearly led to longer holding periods, while at the same time a large number of GPs are asking their investors to re-up.”

This trend is not expected to abate in the coming months as the exit market remains tough for GPs to navigate. “One should not expect

divestment activity to significantly take off in 2012. There are still weaknesses in all exit channels. Many portfolio companies are not ready for a sale yet – their valuations are still too low to enable GPs to reap positive returns,” warned Bain & Company associate Daphné Vattier while commenting on the firm’s latest private equity outlook in a statement.

The secondaries option is even more tempting for LPs when sustained buy-side appetite means that discounts to NAV have barely been affected by last year’s market turmoil and still sit firmly in the single digit range. Discounts widened slightly between September and December, reaching 8% on average, according to Triago. “We have witnessed an uptick in prices since then and current discounts are a couple of points below those seen in the second half of 2011,” notes Dréan.

Sales motivated by regulatory constraints generated slightly more than half of overall dealflow last year, according to recent research by Collier Capital. Though it should be noted, not all firms selling their assets for regulatory reasons are distressed.

Dréan believes distressed sellers are likely to contribute less to the secondaries market in months to come as the most acute cases have already been – or will soon be – addressed: “Distressed sellers are a relatively minor source of dealflow. Other types of sellers are increasingly active in the market as the issue of portfolio maturity takes centre stage.”



Rules on the use of depositaries prescribed by the AIFM Directive could be hit by a lack of suitable institutions, with many saying moves to offer such a service face a number of regulatory and financial challenges. **Anneken Tappe** reports

# AIFMD: Concerns over lack of suitable depositaries

**T**HE IMPLEMENTATION deadline for the AIFM Directive is rapidly approaching and, with it, the need for private equity houses to use depositaries to protect investors. But firms hoping to offer this kind of service are being faced with numerous obstacles that could make implementation difficult.

One firm considering offering such a service is UK private equity fund administrator Ipes. However, Ipes is concerned that existing rules will make it difficult, if not impossible, to secure the required insurance.

“For depositaries, the line to being held strictly liable is drawn too harshly. It is a ‘guilty before proven innocent’ regime, which is spooking depositaries and insurers. Without such insurance, it might be impossible for any firm but the multinational banks to provide this service, some of whom have experienced financial instability in recent years,” says Justin Partington, commercial director at Ipes.

Aside from firms like Ipes, major European banks have been touted as potential suppliers of depositary services, particularly French banks

as existing financial legislation in the country is close to that of the AIFMD. The French banking sector, however, has been hit hard by the eurozone crisis, mostly due to its extremely high exposure to sovereign debt in the eurozone’s periphery. Some have questioned the wisdom of having institutions that already have stressed balance sheets taking on the role of safekeeping investor funds on a massive scale. This has the potential to further concentrate systemic risk in a few major institutions.

The news has once again led to questions over the suitability of introducing mandatory depositary rules on the private equity industry. “In private equity, there is no standard custodian role,” said Ben Robins of Mourant Ozannes at the recent *Legal Week* Private Equity Forum; many in the industry see the new requirement as unnecessary.

The AIFMD’s concept of custodians is taken from securities trading. In the EU, the Central Securities Depositories (CSDs) are regulated to streamline and harmonise the process of securities trading across the continent.

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*“For depositaries, the line to being held strictly liable is drawn too harshly. It is a ‘guilty before proven innocent’ regime”*

Justin Partington, Ipes

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Depositaries offer book entry services – an electronic register – which dematerialises the trading process, making it more efficient. Another very important part of CSDs is clearance and settlement. The idea of an obligatory use of depositaries in private equity was introduced around 2007 to add a layer of investor and ultimately consumer protection.

However, private equity transactions differ substantially from securities trading and critics say a depositary structure modelled for the latter is unlikely to fit the business model of the former. EVCA argued that depositaries risk an interference with the investment decision, which would translate into a concern for both the investor and fund manager. Private equity depositaries would also have the obligation of oversight of a fund’s activities, says James Greig, partner in the financial services and regulatory practice at PricewaterhouseCoopers.

Effectively, depositaries would be asked to pre-clear transactions; this could not only slow down the buy and sell process, but also impose a disruptive force on funds’ strategies. ■

# EU assets remain attractive despite euro crisis

Despite worries about Greece, Spain and Italy, US investors have demonstrated a continued appetite for European assets.

Anneken Tappe reports

**T**HE EUROPEAN market is a harsh place at the moment. With worries about the Greek economy being transformed into concerns about the specific costs of a Greek exit from the monetary union, the euro has seen a significant loss in value. While this has reduced the price of European assets, it also makes for an incredibly volatile investment environment.

Despite this, US investors appear to have refocused their attention on the crisis-ridden continent. While economic conditions have worsened, causing headline valuations to decline, corporate profit margins have continuously risen over the past 30 years, according to research by Goldman Sachs Asset Management. This could be an indicator that even though volatility has skyrocketed, the general quality of the European assets on the market did not deteriorate.

“European assets are generally a tough sell right now. But those investors who have been in the markets over the long term can and will still invest. So there is an appetite, but it is for the contrarians who can take a 5-10 year view,” says Graeme Gunn of SL Capital in an interview with *unquote*”.

Many large North American LPs, such as CalPERS, are experienced private equity investors and follow a long-term strategy. For these investors, taking a position that is currently considered contrarian should be attractive and probably still less risky than diverting to emerging markets.

US firm Vista Equity Partners just closed its fourth fund on \$3.5bn and recently invested more than half of it in the £1.27bn buyout of UK capital markets and banking services company Misys, which was taken private in March.

Christopher Flowers, chief executive of US private equity firm JC Flowers, recently made headlines with his

relocation to the UK. His firm owns ex-KBC insurance unit Fidea in Belgium and has a particular focus on distressed financial institutions. Considering the recent surge of spinouts from financial institutions, this sector is likely to see increased activity in the near future.



*“European assets are a tough sell right now. But those investors who have been in the markets over the long term can and will still invest”*

**Graeme Gunn, SL Capital**

## Buyers' market

While the eurozone crisis has had a severe impact on Western European economies, it has also driven prices down, which creates opportunities for investors. Europe's private equity market is likely to survive on the coattails of low valuations and a lack of liquidity.

Moreover, American LPs have long-standing ties to the European markets – ties which are now more important than ever. New regulations, such as Solvency II and Basel III, are restricting commitments of insurers and banks. With local players also exposed to the eurozone crisis, foreign capital is becoming vital for European firms. ■

# Company valuations going down

Poor visibility has finally taken its toll on entry multiples for lower mid-cap LBO transactions. But valuations are still holding up despite the collapse in buyout activity over the past six months. **Greg Gille** reports

## Argos: Mid-cap valuations register modest drop

**T**HE MEDIAN EBITDA multiple paid in European lower mid-cap private equity buyouts – here defined as businesses in the €15-150m range – fell to 7.4x for the six months to March 2012, according to the latest Argos Mid-Market Index. This is down slightly from the 7.7x median registered in H2 2011 and still above the 7.3x witnessed in the first half of last year.

Lower mid-cap LBO activity remained particularly subdued in Q1 this year.

According to *unquote*’ data, such transactions fell by a quarter in volume and a third in value compared to the last three months of last year, which already witnessed a sudden drop compared to the rest of 2011.

### Vote of confidence

Argos Soditic partner Karel Kroupa notes that financing remains an issue hampering dealflow, but highlights another major factor: confidence. “Visibility on company performance remains poor in most cases,” he says. “Even for healthy and growing businesses, it remains tough to predict what activity will be like in six months’ time. Investors therefore tend to remain cautious and highly selective.”

That the median entry multiple only fell by 5.3% shows that the few assets that did change hands were deemed robust and promising enough to command substantial price tags. “Quite a few LBO players still have capital to put to work. Few deals get done, but those that do go through are for the very best assets,” notes Kroupa. “This ‘flight-to-quality’ phenomenon



*“Quite a few LBO players still have capital to put to work. Few deals get done, but those that do go through are for the very best assets”*

**Karel Kroupa, Argos Soditic**

– even though it is becoming less prominent – partly explains why multiples haven’t dropped more while activity has clearly taken a step back.”

For the fourth semester in a row, private equity players have also paid higher multiples than trade buyers: the median multiple in corporate M&A transactions fell to 7.2x EBITDA, compared to 7.6x in H2 2011. This is the first time for more than two years that multiples paid by trade players have decreased in the index.

But again, valuations have held up surprisingly well given that corporate M&A activity was just as lacklustre as private equity-backed buyout dealflow in the first quarter.

“Strategic buyers still enjoy decent reserves of cash and historically low levels of debt. We have witnessed them coming back to the market in recent weeks and displaying a strong appetite for acquisitions,” explains Kroupa. “That said, it has not resulted in substantial dealflow yet, since corporate M&A also registered a sharp drop in Q1 this year.” ■

# Company valuations going down

## Private companies rethink pricing

The recession has had little effect on company valuations, but now companies are becoming more realistic about their value, writes **John Bakie**

**D**ESPITE RECESSION and turmoil in the financial markets, company valuations have remained stubbornly high. While high valuations can be a boon to sales processes for private equity houses, they can also hamper dealflow. However, those on the ground say the trend is now turning in the acquirer's favour.

"We felt a change in the investment climate in September last year. The euro crisis cut off a rally of recovery abruptly and shareholders started to become realistic about the value of their businesses," says David Barbour, co-head of FF&P Private Equity.

The sentiment chimes with Argos Sodic's findings (*see left*), which indicate valuations fell across Europe's mid-market in the first quarter of 2012 from an average of 7.7x to 7.4x.

But the picture is inconsistent, with many businesses continuing to attract relatively high valuations despite the many economic problems currently facing Europe. Barbour, who is primarily focused on smaller UK buyouts and growth capital, says non-owner managed businesses tend to be more likely to cut their valuation: "In a lot of businesses, shareholders are taking a portfolio view and are now coming into the market looking to

gain liquidity. Often we see businesses with a number of shareholders with many looking to exit, and the rest can be rolled over into the buyout structure," he explains. By contrast, owner-managed and family owned businesses have tended to be far more sticky on their pricing, holding out for a better price. For those who do not need liquidity and place a premium on the value of the businesses they have built up, it is unlikely they will drop valuations unless they have to.

Some business owners will no doubt be eyeing up corporates who have hoarded cash during the downturn and are now looking at acquisition opportunities to help them grow, putting pressure on private equity buyers in the deal room. "Corporates are competing a lot more on deals today, and have lots of cash on their books. Private equity buyers have to work a lot harder to find the types of opportunity they need," says Jeremy Rayment, director at Menzies Corporate Finance.

Cash-rich corporates can certainly afford to pay for highly valued businesses. However, they tend to be looking for those businesses that are very much pre-packaged, and can be added on to their existing businesses



*"Shareholders are taking a portfolio view and are now coming into the market looking to gain liquidity"*

David Barbour,  
FF&P Private  
Equity

with minimal disruption. This is where private equity bidders should see an opening to buy businesses that are a little rough around the edges to refine and sell on to corporate bidders. Obtaining exclusivity and avoiding auction processes will also be important for firms looking to capitalise on lower valuations.

"Relationships and value-add are key elements in the UK lower mid-market. Private equity firms need to emphasise their style to vendors, as well as experience they may have through their existing portfolio," adds Rayment. Putting in the effort to build a relationship and put forward a solid business plan before a first meeting with a management team could pay dividends for private equity buyers, giving them an edge over corporate bidders.

With the euro crisis unlikely to be resolved soon, confidence will continue to be hit. But the impact on valuations will not be so clear cut and hard work and due diligence will be key to acquiring the right business at the right price. As one market player recently told *unquote*: "In 2007 every business had a high valuation. In 2012, lots of businesses also have a high valuation, but they have to be very high-quality businesses to sell." ■

Increased competition for specialised private equity legal professionals has resulted in a highly competitive recruitment market over the past year. **Amy King** investigates

# Lawyers: your most valuable asset?

**T**HE CURRENT employment market for private equity legal professionals is remarkably dynamic. “Over the last year on the fund formation side, there has been significant market disruption,” says recent Proskauer Rose hire Kate Simpson, who joined the firm last year, alongside SJ Berwin’s Nigel van Zyl and Oliver Rochman, to form a fund structuring team. Whole teams have been poached and partners have hopped from firm to firm, some more than once.

Proskauer’s three hires echoed that of Weil Gotshal & Manges, who pinched a four-strong fund formation team from Clifford Chance a month earlier. More conspicuous though was Dewey & LeBoeuf’s short-term appointment of Mark Davis and Russell Van Praagh (*see box, right*). Hired from Taylor Wessing to launch the firm’s private equity practice, the pair jumped ship to rival practice McDermott Will & Emery after just a year. They joined the mass exodus of more than 100 partners from the firm, before it sank under the weight of bank and bond debts.

Unfortunately for Dewey & LeBoeuf, in the absence of physical assets the true value of a private practice lies in its partners, the constituent parts of a firm’s brand. While this can be argued of legal practitioners in general, the nature of private equity legal work in particular enhances the value of the individual lawyer.

## Long-term relationships

“Fund formation work is long-haul. You become very ingrained with the client, their fund documents, internal corporate documents and carried interest arrangements,” explains Simpson. “And once developed, that relationship is vested in a limited number of people.” Partners are the real assets, and partners can move.

What’s more, the relationship between a GP and a legal professional is often far more enduring than its relationship with any particular legal firm. “There is a lot more loyalty now towards individual lawyers than towards brands,” says Claire Wilkinson, general counsel at MVision and founder of the Private Equity Lawyers Forum. “When it comes to individual loyalty, private equity is at the far end of the spectrum because the teams that are needed to raise a fund in a law firm provide a fairly niche service,” she adds. “A fund is a very long instrument, so if you instruct a lawyer in private practice, you will tend to stay with that lawyer for the entire life of the fund and return to them for secondaries.” Given this recent downturn in M&A activity, the longevity of the relationship is reason enough for recently bolstered private equity teams within private practices.

The last year’s hiring spree is not the first of its kind. With the introduction of the Financial Services and Markets Act (FSMA) in 2000, many private equity houses saw their incumbent CFOs overburdened and took on new hires. “It was due to increased regulation and the globalisation of deals then, so you needed someone in-house to act as procurement officer,” explains Wilkinson.

A decade later, amid a financial downturn that has seen recruitment slump and headcounts shrink, private equity has bucked the trend in financial services and continued to hire legal professionals.

The reason for this wave is upcoming regulation. As the implementation of the AIFM Directive is imminent, lawyers are having to future-proof documents for upcoming changes and prepare clients for compliance. Add to that the regulations that will soon ricochet into the industry from other financial services – such as Dodd Frank, Solvency II and FATCA – and legal professionals become invaluable.





*“There is a lot more loyalty now towards individual lawyers than towards brands... if you instruct a lawyer in private practice, you will tend to stay with that lawyer for the entire life of the fund”*

**Claire Wilkinson, MVision**

“The broad trend here is that compliance is a much bigger issue for the industry and governance issues in general are becoming more important,” highlights Nick Hedley, founding partner of executive search firm Hedley May. “Therefore, more private equity funds are having to bolster their legal and compliance teams.”

Since failure to comply will incur fines at best and revocation of authorisations at worst, the a mid-level compliance professional appears to represent an increasingly wise investment for a private equity house. “As a result, we have seen an increasing number of lawyers with 7-10 years’ experience being hired by private equity firms to deal with compliance and regulatory issues,” says Wilkinson.

A second reason for the contemporary competition for legal professionals could lie in the widening eyes of US investors, whose focus is falling to European markets. “US firms have started to move more strategically into the European markets, firstly because they want to be in Europe but also because they see it as a gateway into Asia,” says Simpson. “As a result, fund formation houses are looking for international counsel that can manage US

and European elements.” Indeed, a number of the recent moves have involved lawyers from Europe-focused practices moving to firms with a wider, international focus.

Industry changes have incurred a shift in industry ethics too. “Lawyers as a whole have become more influential because nowadays the industry has got more complex from a regulatory, investor and reputational standpoint,” summarises Hedley. “Thinking back to the historical model, this used to be a fairly unregulated, cloak-and-dagger sector. And, I suppose, the ethical dimension of investment has also increased. A lot of those issues fall broadly into the remit and concerns of a lawyer,” he adds.

#### **Moving in-house**

Perhaps then, regulatory changes and the shifts they incur make private equity a particularly suitable environment in which the legal professional may excel. The migration of certain in-house lawyers into more corporate roles would support this argument. Tim Pryce is the most notable example, joining Terra Firma as general counsel before becoming chief executive in 2009. Buchan Scott of Duke Street began in a legal role, before taking over investor relations and fundraising, while Andrew Sandars of LDC began as head of legal and risk management and is now operations director. Similarly, Guy Semmens joined Argos Soditic in a legal capacity and now heads up the firm’s Swiss operations. Examples abound.

Regulatory, ethical and focal changes within private equity appear to grant legal professionals with an increasingly important role. As such they have become a much coveted asset. With the imminent introduction of strict and complex regulation, no doubt those who invested in recent hires will hope for high returns. ■

## **Casualty of the Great Recession**

In late May, Dewey & LeBoeuf filed for bankruptcy in the US, concluding its demise. The move nudged the UK operations into administration, despite operating through a separately incorporated entity. In documents submitted with the Chapter 11 filing, the firm highlighted the “Great Recession” alongside lucrative pay it guaranteed to high-profile hires as major factors in its downfall.

BDO will act as administrator for the firm’s London and Paris offices. In the US, restructuring firm Zolfo Cooper will work with Togut Segal & Segal as bankruptcy counsel.

# Opportunities in Central and Eastern Europe

Alpha Associates' Petra Salesny talks to **John Bakie** about the nuances in Central and Eastern Europe's dealflow and the effect of established European economies struggling with debt

**John Bakie: What sort of criteria are you looking for when selecting investments?**

**Petra Salesny:** We pursue a threefold investment strategy with our Central & Eastern Europe (CEE) funds-of-funds: we make primary commitments, buy mature fund interests in secondary transactions, and make direct co-investments.

In our primary portfolio we are looking to invest in a diversified range of funds operating in the upper and lower mid-market, as well as the small end of the market in CEE. The overriding theme for private equity investing in these countries is businesses that serve the needs of the growing middle class. We primarily look at funds investing in buyouts and later-stage expansion financing. We feel venture in CEE is currently not worth allocating to as there are very few successful funds in this area.

Secondaries are an important part of our strategy and we are uniquely positioned to access secondary opportunities in CEE and the Commonwealth of Independent States (CIS). Typically, we source and negotiate transactions privately. We've seen many distressed sellers after the crisis.

**JB: Are there a lot of struggling investors?**

**PS:** Immediately after the financial crisis, many investors sought to, or needed to, liquidate what they could in order to reduce their commitments.

Today, sellers are not as distressed as they were and more of the activity is driven by regulatory changes. Banks and insurance companies looking to comply with Basel III and Solvency II are major sellers now.

**JB: Some Western European fund managers have come under fire over the 2 & 20 pricing model. Is this also an issue for LPs investing in CEE?**

**PS:** For us, it's about generating absolute net returns that are attractive; fees are taken into account when assessing this.

In CEE we don't really have the huge funds, like in Western Europe, the US or also some other emerging markets, which create concern over the hefty management fees. CEE private equity is a middle-market player and its managers are not going to make themselves rich off management fees.

**JB: Which geographies and sectors across CEE are the most interesting for you at the moment?**

**PS:** CEE is not a homogenous region and this is something that the financial crisis has further highlighted.

Russia aside, Poland and the Czech Republic are the strongest economies in the CEE region and have recovered well from the crisis; in fact Poland was the only country throughout Europe which grew through the crisis. Countries like Romania take a bit longer to recover and Hungary has numerous home-made problems. The countries we feel are most interesting to invest in right now are Poland, Russia, Czech Republic and Slovakia. Turkey is also interesting but there is a risk it could be overheating.

In terms of sectors, the strongest dealflow comes from IT, consumer products and services, telecommunications, financial services, industrials and healthcare. These are also our main exposures. ■




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*“CEE private equity is a middle-market player and its managers are not going to make themselves rich off management fees”*

**Petra Salesny,**  
Alpha Associates

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## McDermott picks up Dewey & Leboeuf duo

LAW FIRM McDermott Will & Emery has appointed Mark Davis and Russell Van Praagh as partners in the firm's London offices.

Davis will head the firm's private equity practice in London. The pair joined the firm after a year at Dewey & Leboeuf. They have worked together since 2007.

Davis focuses on cross-border deals, LBOs, exits and M&A transactions. He is lead counsel to several private equity funds and their portfolios, and has experience of a range of sectors including energy, chemicals and consumer goods. Davis also has advisory experience in the Middle East and Africa.

Van Praagh has private equity and investment advisory experience for both investors and management. He has advised on M&A, joint ventures and general corporate and commercial issues. He has experience of sectors including automotive, retail and energy in the US and Europe.

David Goldman, partner and head of McDermott's corporate advisory practice group, said of the recent appointments: "As McDermott continues to expand its global corporate capabilities, private equity continues to be a key area of focus for the firm. With these additions to our well-established private equity practice, we have further strengthened our position in Europe."

## DFJ Esprit appoints venture partner

DFJ ESPRIT has hired Peter Keen as a new venture partner, specialising in medical technology and life science investments.

Keen co-founded Chiroscience Group and subsequently helped establish the venture capital firm Merlin Biosciences. On leaving Merlin, he became chief financial officer of pharmaceutical company Arakis.

Keen is currently a non-executive director of Horizon Discovery and Q-Chip, chairman at Oval Medical Technologies, senior independent director at Abcam and a non-executive director of Ark Therapeutics Group and the Biotech Growth Trust.



**Peter Keen**, venture partner, DFJ Esprit

## Maven names new investment director

MAVEN CAPITAL Partners has hired Ben Bolt as investment director.

Bolt will work in Maven's Midlands and Southern England team, and will be based out of the Birmingham and London offices. There, he will focus on sourcing and executing new investment opportunities in UK companies requiring £2-10m of equity.

Bolt joins from Catapult Venture Managers, where he spent the past three years as investment director. Prior to this he held a similar role at Kaupthing. Bolt also worked at Deloitte earlier in his career.



**Ben Bolt**, investment director, Maven

## Altius adds to infrastructure team

ALTIUS ASSOCIATES has appointed Reyno Norval to the firm's real assets and global infrastructure teams in London.

In his new role, Norval will source new potential funds, carry out due diligence, monitor investments, prepare reports for clients and manage and assist research projects.

Norval joins the firm from Green Gas Americas, where he was a project developer, responsible for originating and developing investments in landfill gas and energy within the US and Latin America. There he specialised in equity investments, acquisitions and project financing.

Prior to his position at Green Gas, Norval was a commercial analyst at EDF Energy in London, where he identified financial risk associated with investments, carried out due diligence and made investment recommendations.

Altius is a private equity advisory and fund-of-funds firm that invests via buyout, venture capital, mezzanine, secondaries and distressed funds. The company invests globally and has offices in London, Virginia in the US and Singapore.

## Ingenious Media expands corporate finance team

INGENIOUS MEDIA has recruited new corporate financiers David Brooks and Toby Ramsden, both of whom will join as managing directors.

Brooks has been appointed co-head of corporate finance, alongside Nick Harvey, the current head of Ingenious Corporate Finance. Both Brooks and Ramsden join from IBIS Capital.

## EADS chief exec Louis Gallois to join FSI board

LOUIS GALLOIS, the chief executive of European aerospace and defence corporation EADS, is due to join the board of French sovereign wealth fund Fonds Stratégique d'Investissement (FSI), according to French daily newspaper *Les Echos*.

Gallois will take over the role from Denis Ranque, who joined the FSI board a year ago. He left EADS at the end of May and Airbus's Tom Enders replaced him as chief executive.

Launched in 2008, FSI is a €20bn vehicle 49% funded by the state. Its mission is to back rapidly-growing, competitive French companies in need of financing – investing directly or as an LP in traditional PE vehicles.



**Louis Gallois,**  
board member, FSI

## Cipolletta replaces long-time AIFI president

THE ITALIAN private equity and venture capital association, AIFI, has appointed Professor Innocenzo Cipolletta as president.

The new appointment replaces Giampio Bracchi after three terms as president.

Cipolletta held the presidency of Italian business newspaper *Il Sole 24 Ore* from 2004-2007 and was chief executive of Italian employers federation Confindustria from 1990-2000. He is currently president of the University of Trento.

Cipolletta has written various academic papers and newspaper articles, and published a book on the global financial crisis.



**Innocenzo Cipolletta,**  
president, AIFI

## Lloyds announces six senior promotions

LLOYDS' ACQUISITION finance team has promoted six professionals to senior positions across Europe.

Mark Craig was promoted to managing director, while Joëlle Antmann and Riëlla Hollander were appointed senior directors in its Paris and Amsterdam offices, respectively.

Craig, Antmann and Hollander joined the firm in 2006, 2003 and 2004, respectively.

In addition, Ivo Kroschel, based in the Frankfurt office, and Emeric Hudault and Matthew Ward, both located in London, have been promoted to director positions.

Associate director Rob Klijn has joined the Amsterdam office.

## Duane Morris expands private equity practice in Europe with hire

LAW FIRM Duane Morris has hired Pierfrancesco Carbone as a partner in its London office. The appointment marks the expansion of Duane Morris's private equity group into Europe.

Carbone will focus on cross-border corporate transactions, particularly in the area of private equity. He will advise his private equity clients on a range of transactions including venture investments, buy-and-build deals, mid- and large-cap leveraged buyouts and public-to-privates.

Carbone joins from Kirkland & Ellis. He started working at the firm as an associate in 2007 before becoming partner in 2008.



**Pierfrancesco Carbone,**  
partner, Duane Morris

## Riverside names firm's first president

GLOBAL PRIVATE equity firm Riverside has appointed Jamie Kiggen as president, a newly-created role. He joins from Blackstone, where he worked as senior managing director and headed Blackstone's and played a technology investment role in the firm's private equity group.

Prior to that, Kiggen held roles at AllianceBernstein, DLJ, McKinsey and Wellington. He started his career as an entrepreneur in the software industry.

Kiggen will be based in Riverside's New York office. His responsibilities include chairing the Riverside Cabinet (composed of the co-chief executives, fund managers and the COO), working closely with senior investment executives, leading new product development, supporting the work of the investor relations team, assisting with human capital management, representing Riverside at select events and providing investment expertise on select transactions.

## YFM appoints non-exec chairman

ANDREW MARCHANT has been appointed non-executive chairman of YFM Equity Partners.

Marchant began his career at Prudential before founding Schroder Ventures, now known as Permira. He then moved to Cinven as a director and co-owner. Ten years ago, Marchant was appointed chairman of Unigestion's private equity division, a role he held until 2008. He remains chairman of Unigestion UK.

He is also a partner at business consultancy Animos and wealth management firm Saltus.



**Andrew Marchant,**  
non-executive chairman  
YFM Equity Partners

Marchant has experience of investing in the transport, IT, leisure and healthcare sectors. He has also been involved in raising several funds with targets ranging from £300-900m from European institutional investors.

Commenting on Marchant's new role, YFM managing director David Hall said: "He brings a deep industry knowledge and network that will be invaluable to our business as we continue to expand our

funds under management, particularly with institutional investors throughout the UK and Europe."

## David Rolfe joins NVM Private Equity as partner

DAVID ROLFE has been appointed as investment partner for the south of England at NVM Private Equity. He will be responsible for generating investment opportunities and managing the firm's portfolio across the region.

He joins NVM from his role as corporate finance director at PricewaterhouseCoopers. He worked at the firm for 12 years and was responsible for leading deal activity in the south-east.

In a statement, Rolfe said: "NVM has a strong investment team that is well-respected in the market and I am really looking forward to working alongside them."



**David Rolfe,**  
investment partner, NVM  
Private Equity

## Gresham takes on investment manager

MID-MARKET GP Gresham Private Equity has appointed Adam Rudd as investment manager in its Manchester office.

Rudd joins Gresham Manchester from his position at accountancy firm KPMG, where he was corporate finance manager with a specific focus on the e-commerce sector. In addition, he advised on a number of private equity and public-to-private transactions.

Rudd has previously worked as strategy manager at online retailer DRL Limited, and in the corporate finance division of Brewin Dolphin Investment Banking.

Joining the deal team at Gresham, Rudd will work on sourcing new opportunities and assisting portfolio companies with acquisition strategies.

## Dow Schofield Watts hires four



**James Marshall, Victoria Gribben,**  
Dow Schofield Watts

CORPORATE FINANCE firm Dow Schofield Watts has appointed two new hires to the Yorkshire and north-east office and added another duo to the Daresbury team.

Victoria Gribben joins the Yorkshire office with six years' experience of corporate finance in the region. Gribben has an MSc in finance from Leicester University and is a chartered accountant.

She joins the team alongside fellow new hire James Marshall, who leaves his role in the transaction advisory service team at Ernst & Young in Leeds. In his previous role, Marshall worked on projects including refinancings and strategic reviews of listed and private equity-backed companies. He is a chartered accountant and a mathematics graduate from Newcastle University.

Keith Benson and Gavin Jones have been appointed to the Daresbury team. Benson spent the last four years at KPMG in the north-west business unit of the corporate audit and assurance practice. He is an LSE graduate and chartered accountant. Prior to joining KPMG he worked as a technology development manager and analyst programmer, predominantly for RBS.

Gavin Jones leaves the audit department of Ernst & Young to join the Daresbury team. He is a chartered accountant and a graduate of Warwick University.



## Simon Borrows new 3i CEO

3I GROUP has appointed Simon Borrows as chief executive, taking over from Michael Queen.

Borrows, previously chief investment officer, has been a member of the firm's board since joining in October 2011.

Prior to joining 3i, he was chairman of Greenhill & Co International, having previously been co-chief executive.

Before founding the European operations of Greenhill & Co in 1998, Borrows was the managing director of Baring Brothers International Limited.

Queen announced his decision to step down at the end of March. He joined 3i in 1987, became executive director in 1997 and chief executive in 2009. Commenting



**Simon Borrows,**  
chief executive, 3i

on his decision, he said in a statement: "It has been a privilege to lead such an outstanding organisation as 3i. I am pleased that after a difficult period, 3i is now well placed to achieve its full potential. Having restored 3i's financial strength, the time is right for me to seek a new challenge and for 3i to appoint a new leader to build on this position."

Separately, David Fewtrell has joined 3i Debt Management as a portfolio manager.

Fewtrell was most recently managing director and head of EMEA loan sales, global markets at HSBC. There he

was responsible for managing the bank's institutional loan sales business, covering both primary and secondary markets.

## LinkedIn co-founder joins German tech VC Earlybird

LINKEDIN CO-FOUNDER Konstantin Guericke has joined German technology venture capital firm Earlybird as a partner.

The entrepreneur joins the firm as it plans its expansion into the US market.

Guericke said, "I have been interested for some time in supporting German entrepreneurial ventures that are not copycats, but have the potential to be a success on a worldwide scale."

Guericke is said to be well networked in the US and Europe and played a part in the growth of professional network LinkedIn. He also served as chief executive of social



**Konstantin Guericke,**  
partner, Earlybird

communications start-up jaxtr and sits on the board of several other start-ups.

Christian Nagel, partner at Earlybird, said, "Guericke has a mix of German-US entrepreneurial DNA that our platform will benefit from."

Guericke holds a BSc and MSc from Stanford University where he mentors student entrepreneurs.

Earlybird was established in 1997 and currently manages \$700m in assets. Its portfolio contains companies in the consumer internet and enterprise services space, including B2X Care Solutions and Carpooling.com.

## COO of AXA PE leaves for ADIA

AXA PRIVATE Equity chief operating officer Christophe Florin has left the firm for sovereign wealth fund Abu Dhabi Investment Authority (ADIA).

Florin joined AXA Private Equity in 1998. He was an executive member of the board prior to leaving and also served as managing director for Asia during his time at the firm.

Florin began his career at Crédit National. He then moved to Gan, specialising in private equity investments.

## SEP adds ex-MSP to advisory board

FORMER SCOTTISH Labour Party leader Wendy Alexander has joined the advisory board of Scottish Equity Partners (SEP).

Alexander quit the Scottish parliament in May last year. She then worked for SEP on a consultancy basis, with a specific focus on the energy sector. She worked at strategy consultancy Booz & Co before starting her career in politics.

Prior to this latest appointment, Alexander also took up a senior role at London Business School; she will be responsible for MBA and degree programmes as well as the school's career services.

## DC hires new director

TERRY HUFFINE has joined DC Advisory Partners as an executive director in the firm's European consumer, leisure and retail team.

Huffine will focus specifically on the food and beverage subsector, an area in which he has specialised for the last seven years.

Huffine joins DC Advisory Partners after eight years with ABN AMRO, where he was a director in the consumer team.

## Vista Equity Partners closes fourth fund over target on \$3.5bn

AMERICAN GP Vista Equity Partners has held a \$3.5bn final close for VEP Fund IV.

The fund was oversubscribed, with the initial target being \$2.5bn.

Vista has already made four investments from VEP Fund IV, including the £1.27bn take-private of British treasury capital markets and banking solutions business Misys.

### VEP Fund IV

<b>Target</b>	\$2.5bn
<b>Closed on</b>	\$3.5bn, May 2012
<b>Fund manager</b>	Vista Equity Partners

The fund will invest in large-cap buyouts in Europe and the US.

## ISIS closes fifth fund on £360m

ISIS Equity Partners has closed its fifth vehicle ISIS V on £360m.

ISIS closed its previous fund – its first as an independent firm – on £238.5m in 2007.

The GP invested £3.7m in day nursery operator Happy Days in April. ISIS also reaped a 15x money multiple and 69%

IRR when it sold UK-based online retailer Wiggle to Bridgepoint for £180m in December last year.

ISIS V will follow its predecessor's investment strategy, targeting growth equity and buyout transactions of UK businesses valued in the £20-75m range. ISIS usually

### ISIS V

<b>Closed on</b>	£360m, April 2012
<b>Focus</b>	UK growth capital and buyouts
<b>Fund manager</b>	ISIS Equity Partners

invests £2-30m of equity per transaction.

ISIS's 32-strong team is headed by managing partner Wol Kolade.

## Headway launches new \$373m fund

Headway Capital Partners has filed SEC documents for a new secondaries fund with a \$373m hard cap.

Headway Investment Partners III follows three previous funds, one of which was a special purpose vehicle.

The Coller Capital spinout is still investing from Headway Investment Partners II, which

held a final close on €150m in 2008.

The minimum investment from outside investors is set at around \$6.7m.

Headway Investment Partners III will focus on direct secondaries, following a strategy similar to its predecessors.

Kevin Brennan, director at Headway, will manage the fund.

### Headway Investment Partners III

<b>Target</b>	\$373m
<b>Announced</b>	April 2012
<b>Focus</b>	Direct secondaries
<b>Fund manager</b>	Headway Capital Partners

## Montefiore Investment targets €180m for third fund

FRENCH MID-CAP player Montefiore Investment has launched its third fund, Montefiore Investment III, and is looking to raise €180m. Montefiore is currently aiming to reach a first close before the summer.

The firm closed its previous vehicle, Montefiore Investment II, on

€120m in early 2009. It is now 70% invested. Montefiore will start investing from the new fund when the second vehicle is fully invested.

Existing Montefiore LPs have already confirmed interest for 50% of the new vehicle. In addition, Montefiore has added

### Montefiore Investment III

<b>Target</b>	€180m
<b>Announced</b>	May 2012
<b>Focus</b>	France, lower mid-cap
<b>Fund manager</b>	Montefiore Investment

to its LP base a European bank and a US-based fund-of-funds.

Montefiore will keep to its buy-and-build strategy of French lower mid-cap businesses.

## Idinvest launches mezzanine fund

MID-MARKET EUROPEAN private equity firm Idinvest Partners has launched the Idinvest Private Value Europe fund.

The vehicle will focus on mezzanine investments in mid-market European companies, but will also target the secondaries market.

The fund will primarily target institutional and private investors, but retail

investors are also able to invest in the vehicle as a result of an agreement granted by the French securities regulator.

Non-sophisticated investors will be sourced from the network at Oddo & Cie investment bank.

The fund has a target of €150m and will focus on mezzanine investments in mid-market companies, aiming to see returns

### Idinvest Private Value Europe

<b>Target</b>	€150m
<b>Announced</b>	April 2012
<b>Focus</b>	Mezzanine
<b>Fund manager</b>	Idinvest Partners

of 10%. The fund will also invest in the secondaries market.

## EDF sponsors new cleantech VC fund

FRENCH ENERGY company EDF has partnered with private equity house Idinvest Partners to launch cleantech venture capital fund Electranova Capital.

The fund has already raised €40m and will be managed independently by Idinvest Partners.

EDF committed €30m to the project

while Allianz, the first institutional LP to invest in the vehicle, contributed €10m.

The search for investors will continue throughout 2012 and discussions with several potential LPs are already underway.

Electranova will finance start-ups active in the energy sector, both in France and Europe, via minority shareholdings.

### Electranova Capital

<b>Target</b>	€100m
<b>Announced</b>	May 2012
<b>Closed on</b>	€40m first close, May 2012
<b>Focus</b>	Cleantech venture
<b>Fund manager</b>	Idinvest Partners

## 123Venture launches €100m French mezzanine fund

123VENTURE HAS launched a new mezzanine fund, Trocadero Capital & Transmission II, with a €100m target.

The FCPR will be operated by 123Venture's new arm Trocadero Capital, which was launched to focus on institutional

investors while 123Venture mainly manages retail vehicles.

123Venture will commit €7m to the fund, while the remainder will be provided by institutional clients.

Trocadero Capital & Transmission II will

### Trocadero Capital & Transmission II

<b>Target</b>	€100m
<b>Announced</b>	May 2012
<b>Focus</b>	Mezzanine, France
<b>Fund manager</b>	Trocadero Capital

provide mezzanine funding to French SMEs. Philippe Bruneau will manage the fund for 123Venture.

## Cross Road holds first close on €30m

CROSS ROAD Biotech has announced the first closing of its second fund, CRB Bio II, on €30m.

The fund has a target of €60m, which it aims to reach in the coming months. The vehicle was launched in October 2010.

Capital commitments originate from private and public investors.

The fund will invest in 10-12 SMEs in the biomedical sector, targeting the therapy, medical and alimentary products industries over a period of eight years.

### CRB Bio II

<b>Target</b>	€60m
<b>Announced</b>	October 2010
<b>Closed on</b>	€30m, April 2012 (first close)
<b>Focus</b>	Biomedicine
<b>Fund manager</b>	Cross Road Biotech

## Caixa Capital Risc launches third fund with €23m target

CAIXA CAPITAL Risc has raised its third fund, according to reports in Spain's press.

The fund will invest in startups involved in environmental sustainability and cleantech, and has a target of €23m.

The new vehicle follows on from previous funds focused on biotech and internet startups.

Public investors CDTI, Spain's Centre for the Development of Industrial Technology and state-owned finance institution Institut Catala de Finances (ICF) will co-invest in the fund and hold a 49% stake.

Carlos Trenchs is director of Caixa Capital Risc.

### Cleantech

<b>Fund</b>	€23m
<b>Announced</b>	April 2012
<b>Focus</b>	Environmental sustainability, cleantech
<b>Fund manager</b>	Caixa Capital Risc

## SICI reaches half €50m target at first closing of regional fund

ITALIAN PRIVATE equity house SICI has held a first closing of the Rilancio e Sviluppo fund on €26m.

The fund focuses on Tuscan SMEs and has a €50m target. The vehicle has a lifespan of 10-12 years.

Current investors in the fund include MPS, Tuscan financial institution Fidi Toscana, and Gruppo Intesa – all three investors committed

€5m each. Local banks and financial institutions have also contributed to the fund.

The fund will target Tuscan SMEs. The investment strategy will focus on consolidation of local companies to create larger firms able to compete on an international scale. Companies involved in fashion, leather goods, food processing and advanced mechanics will be of particular interest.

### Rilancio e Sviluppo

<b>Fund</b>	€50m
<b>Announced</b>	February 2012
<b>Closed on</b>	€26m (first close)
<b>Focus</b>	Tuscan SMEs
<b>Fund manager</b>	SICI

## Connect Ventures holds €16m first close on maiden vehicle

NEWCOMER CONNECT Ventures has held a €16m (£13m) first close for its maiden early-stage fund. Connect started marketing its eponymous fund at the beginning of 2011 and is aiming to reach a final close on £35m by the end of Q2 2013.

The vehicle will have a seven-year lifetime (including a four-year investment period), with two potential one-year

extensions. Terms and conditions were described as "standard".

Connect Ventures will provide seed and series-A financing in the €250,000-1.25m range to Western European start-ups. It specialises in web and mobile sector investments, focusing on the consumer web, digital media, e-commerce, entertainment and gaming sectors.

### Connect Ventures

<b>Fund</b>	£35m
<b>Announced</b>	Early 2011
<b>Closed on</b>	€16m first close, May 2012
<b>Focus</b>	European tech, early-stage
<b>Fund manager</b>	Connect Ventures

## pan-European deals index

SECTOR	COMPANY	TYPE	EQUITY LEAD	COUNTRY	VALUE	PAGE
<b>CONSUMER</b>	Weetabix	Trade sale	Lion Capital	UK	£1.2bn	30
	Alain Afflelou	SBO	Lion Capital	France	€800m est	54
	United Coffee	Trade sale	CapVest	Switzerland	€470m est	46
	Europcar	Refinancing	Eurazeo	France	€324m	54
	Alpitour	Buyout	Wise SGR, J Hirsch & Co	Italy	€225m	68
	Gala Casinos	Partial exit	Apollo <i>et al.</i>	UK	£205m	30
	Stokomani	SBO	Sagard Private Equity	France	€200-210m	54
	Sport-Master	Buyout	Nordic Capital	Denmark	€150-200m	63
	Raleigh Cycle	Trade sale	Perseus Capital	UK	\$100m	31
	Leisure Pass Group	MBO	Primary Capital	UK	£35m	32
	Homair Vacances	Replacement capital	Naxicap	France	€30m est	57
	Rex Restaurants	Expansion	Graphite Capital	UK	£21m	36
	Austria Pet Food	MBO	Pangea Investors	UK	€25m	47
	Purity Soft Drinks	MBI	Langholm Capital	UK	£10-20m	33
	Bathstore	Buyout	Endless	UK	£15m est	34
	Inoveight Holdings	Expansion	ISIS Equity Partners	UK	c£12m est	36
	Tucano Urbano	Buyout	Consilium SGR	Italy	€12m est	68
	notonthehighstreet.com	Expansion	FGPE <i>et al.</i>	UK	£10m	36
	MedicAnimal.com	Expansion	Balderton Capital	UK	£10m	37
	Wear Inns	Expansion	BGF, NVM Private Equity	UK	£10m	37
	Bathrooms.com	Expansion	Augmentum Capital	UK	£7.5m	37
	Arcancil Paris	MBO	FSI Régions	France	<€5m	55
	Campadre Scandinavia	Expansion	Incitia Ventures	Sweden	SEK 20m	65
	Fabulous Garden	Expansion	FSI Régions, Alliance Entreprendre	France	€1m	58
	Hazinem.com	Expansion	212 Ltd	Turkey	\$750,000-1m	43
	futalis	Early-stage	HTGF	Germany	€500,000	49
	Cadum International	Trade sale	Milestone Capital	France	c6x	54
	Zadig & Voltaire	Expansion	TA Associates	France	n/d	57
	Cambrian Pet Foods	Expansion	Swander Pace Capital	UK	n/d	38
	Yarra Organic Petfood	Expansion	Vendis Capital	Netherlands	n/d	42
	Norafin Industries	MBO	Pinova Capital	Germany	n/d	47
	ASC International House	MBO	Argos Sodic	Switzerland	n/d	47
Kiwoko	SBO	Corpfin Capital	Spain	n/d	68	
<b>FINANCIALS</b>	Carnegie / Max Matthiessen	Replacement capital	Altor	Sweden	SEK 629m	64
	<b>HEALTHCARE</b>	Rottapharm	Buyout	Clessidra, Avista	Italy	€1.7bn est
Dako	Trade sale	EQT	Denmark	DKK 12.8bn	63	
Fougera Pharmaceuticals	Trade sale	Nordic Capital <i>et al.</i>	US	\$1.525bn	63	
Four Seasons	Buyout	Terra Firma	UK	£825m	30	
Prosonix	Early-stage	Gimv	UK	£5.7m	37	
Svas Biosana	Expansion	IMI Fondi Chiusi	Italy	€6m	69	
Algiax Pharmaceuticals	Early-stage	HTGF <i>et al.</i>	Germany	€4.3m	48	
Creo Medical	Early-stage	Finance Wales	UK	£3m	38	
Trinean	Expansion	Vesalius Biocapital <i>et al.</i>	Belgium	€2.7m	42	
NOVACYT	Expansion	Arkeon Gestion	France	€1.5m	58	
t-cell Europe	Early-stage	HTGF <i>et al.</i>	Germany	€1.45m	49	
Grupo Hospitalario Quirón	Buyout	Doughty Hanson	Spain	n/d	68	
Solor Care	Acquisition finance	HgCapital, SL Capital Partners	UK	n/d	35	
Ellipse Klinikken	Trade sale	Reiten & Co	Norway	n/d	64	
<b>INDUSTRIALS</b>	Enovos	Expansion	AXA Private Equity	Luxembourg	€330m	42
	Dunkermotoren	Trade sale	Triton Partners	Germany	<€200m	46
	Qundis Group	Buyout	HgCapital	Germany	€160m	46
	Hilite International	Partial exit	3i	Germany	€100-200m	46
	Bifold	SBO	LDC	UK	£85m	31
	Delta Recyclage	Buyout	Demeter Partners <i>et al.</i>	France	<€50m	55
	Vectis	MBI	Argos Expansion	France	<€50m	55
	SGX Sensortech Limited	Buyout	Baird Capital Partners Europe	UK	£15m	33
P2i	Expansion	Naxo Capital <i>et al.</i>	UK	£12m	36	



## pan-European deals index

SECTOR	COMPANY	TYPE	EQUITY LEAD	COUNTRY	VALUE	PAGE
	EXOSUN	Expansion	Omnes Capital	France	€12m	57
	Tamar Energy	Expansion	Ludgate Investments	UK	£7m	37
	Angelantoni Test Technologies	Expansion	Fondo Italiano	Italy	€8m	69
	Micropelt	Expansion	Ludgate <i>et al.</i>	Germany	£5.3m	48
	M Squared Lasers	Expansion	BGF	UK	£3.85m	38
	Isotip-Joncoux	Acquisition finance	CM-CIC Capital Finance	France	€4m	56
	Ignis Biomass	Expansion	Ludgate Investments	UK	£3.1m	38
	Smart Hydro Power	Expansion	eCapital	Germany	€2.7m	48
	Bagnères Industries	Acquisition finance	Idinvest Partners	France	€1m	56
	Bourdoncle	Expansion	FSI Régions	France	€700,000	58
	MK Chimney Systems	Trade sale	Riverside	Poland	2.9x	43
	WFEL	Trade sale	Dunedin Capital Partners	UK	2.4x	34
	Meyn	Trade sale	Altor Equity Partners	Netherlands	n/d	41
	Phoenix Supply	Partial exit	Terra Firma	UK	n/d	32
	Tolerans	Exit	Litorina	Sweden	n/d	64
	Methaneo	Trade sale	Omnes Capital, Demeter Partners	France	n/d	56
	Olaer	Trade sale	Gresham Private Equity	UK	n/d	32
	fos4X	Early-stage	HTGF <i>et al.</i>	Germany	n/d	49
<b>MEDIA</b>	Ocean Outdoor	SBO	LDC	UK	£35m	33
	MGI Digital Graphic	Exit	Omnes Capital	France	n/d	56
	Cinesite	Buyout	Endless	UK	n/d	35
	eCircle	Trade sale	TA Associates	Germany	n/d	47
	VNU Media	Partial exit	3i, HIG Capital	Netherlands	n/d	41
<b>SERVICES</b>	M&C Energy Group	Trade sale	Lyceum Capital	UK	£90m est	31
	Cambridge Education Group	Refinancing	Palamon Capital Partners	UK	£23m	33
	Sortera Skandinavien	MBO	Norvestor Equity	Sweden	<€25m	64
	HSEC	MBO	EV	UK	£2.7m	34
	Inläsningstjänst	MBO	PEQ	Sweden	<€5m	64
	IESA	MBO	Gresham Private Equity	UK	n/d	34
	Accent Jobs	Replacement capital	Naxicap	Belgium	n/d	42
	Bravida	SBO	Bain Capital	Sweden	n/d	63
<b>TECHNOLOGY</b>	Speech Processing Solutions	Buyout	Invest AG	Austria	<€500m	46
	CAP	Buyout	Montagu	UK	£175m est	31
	BigHand	SBO	Bridgepoint	UK	£49m	32
	AVITO.ru	Expansion	Accel Partners <i>et al.</i>	Russia	\$75m	43
	Just-Eat	Expansion	Vitruvian Partners <i>et al.</i>	UK	\$64m	35
	Coresonic	Trade sale	Industrifonden, SEBVC	Sweden	\$35m	64
	Nerim	MBO	CM-CIC LBO Partners	France	€25-50m	55
	Lafourchette	Expansion	Serena Capital, Partech	France	€8m	57
	Moviepilot	Expansion	DFJ Esprit <i>et al.</i>	Germany	\$7m	48
	BLStream	Expansion	Enterprise Investors	Finland	€5.5m	65
	Yuilop	Expansion	Nauta Capital	Spain	€4.5m	69
	Zetes	Exit	KBC Private Equity	Belgium	€4m	41
	TAPTAP Networks	Expansion	Nauta Capital	Spain	\$4.5m	69
	HPC-SA	Expansion	Emertec, CDC Climat	France	€3m	57
	BagThat Trading	Early-stage	Oxford Capital	UK	£2m	38
	enercast	Expansion	HTGF <i>et al.</i>	Germany	<€2.25m	48
	EyeTrackShop	Expansion	Northzone	Sweden	\$3m	65
	Camwood	Management buy-back	Matrix Private Equity Partners, Foresight Group	UK	£1.9m	34
	Arkub	Expansion	Almi Invest <i>et al.</i>	Sweden	SEK 12m	65
	ArcCore	Expansion	Fouriertransform	Sweden	SEK 10m	65
	SoCloz	Expansion	Alven Capital	France	€1m est	58
	CloudArena	Expansion	212 Ltd	Turkey	€500,000-1m	43
	Catchoom	Expansion	Inveready	Spain	€600,000	69
	Forsitec	Expansion	FSI Régions	France	€300,000	58
	Archify	Early-stage	Balderton Capital	Austria	n/d	49

A	Austria	D	Germany	ES	Spain	I	Italy	NOR	Norway	RO	Romania	UK	United Kingdom	FC	Final close
BE	Belgium	DEN	Denmark	F	France	LX	Luxembourg	P	Portugal	SWE	Sweden	US	United States	1st	First close
CH	Switzerland	EI	Ireland	FIN	Finland	NL	Netherlands	PL	Poland	TR	Turkey	FA	Fund announced	2nd	Second close
Group	Fund name	Base	Target (m)	Close	Amount (m)	Date	Stage	Region	Contact	Tel No					
I23Venture	Trocadero Capital & Transmission II	F	€100	FA	n/d	May-12	Mezzanine	F	Philippe Bruneau	+33 1 49 26 98 00					
Active Venture Partners	Active Venture II	ES	n/d	1st	€25	Jan-11	Early-stage, expansion – technology	ES, D, Scandinavia	Christopher Pommerening	+34 93 487 6666					
Alpha	Alpha Private Equity Fund 6 (APEF 6)	F	€750	1st	€500	Jul-11	Buyout, mid-market	F, I, BE, NL, CH, D, A	Patricia Desquesnes	+33 1 56 60 20 20					
Altamar Private Equity	Altamar V Private Equity Program	ES	€250-300	1st	€120	Sep-11	Fund-of-funds	Europe, US, Asia	Claudio Aguirre	+34 91 310 72 30					
Altitude Partners	Altitude Partners	UK	£15	1st	£7	Apr-11	Buyout	UK	Simon White, Jonathan Simm	+44 23 8030 2006					
Alto Partners	Alto Capital III	I	€120-130	1st	€80	Oct-11	Buyout, expansion, Italian SMEs	I	Raffaele De Courten	+39 02 7209504					
Aster Capital	Aster II	F	€120-150	FA	n/d	Feb-11	Early-stage – technology	Europe, US, Asia	Jean-Marc Bally	+33 1 45 61 34 58					
Atlantic Bridge	Atlantic Bridge	UK	€130	1st	€85	Nov-10	Buyout, expansion – technology	Europe	n/d	+353 1 603 4450					
Augmentum Capital	Augmentum I	UK	€50	FA	n/d	Aug-10	Expansion, small- and mid-cap – technology	UK, HK	Richard Matthews	+44 20 7514 1983					
Avindia Capital	Avindia Energy I	ES	€4	FA	n/d	Mar-12	Early-stage	ES	Emilio Giner	+34 902 060 004					
Banexi Ventures Partners	BV5	F	€50-80	1st	€50	Oct-11	Early-stage, expansion – technology	F, CH	Jacqueline Renard	+33 1 73 02 89 66					
Bridges Ventures	Bridges Ventures Fund III	UK	n/d	1st	n/d	Dec-11	Early-stage, expansion	UK	Philip Newborough	+44 20 7262 5566					
Cabiedes & Partners	Cabiedes & Partners Fund	ES	n/d	1st	€25	Mar-11	Early-stage – technology	ES	José Cabiedes	+34 670 278 750					
Capman	CapMan Mezzanine V	SWE	€150	1st	€60	Sep-10	Mezzanine, mid-market	Nordic	Niklas Östborn	+46 8 545 854 70					
Capricorn Venture Partners	Capricorn Health-tech Fund	BE	n/d	1st	€42	Dec-10	Early-stage, expansion – healthcare	Europe	n/d	+32 16 28 41 00					
CDC Entreprises	FCPR FSN PME	F	€400	FA	n/d	Jun-11	Expansion	F	Daniel Balmes	+33 1 58 50 73 07					
Centre for the Development of Industrial Technology (CDTI)	Invierte	ES	€500	FA	€250	Oct-10	Early-stage – technology	ES	n/d	+34 91 581 55 00					
CGS Management	CGS III	CH	CHF 180	1st	CHF 55	Feb-12	Buyout, small- and mid-size – industrial	DACH	Ashley Le Feuvre	+44 1534 500400					
CIC Mezzanine Gestion	CIC Mezzanine 3	F	€120	1st	€63	Apr-12	Mezzanine	F	François Petit	+33 1 42 66 74 33					
Connect Ventures	Connect Ventures	UK	£35	1st	€16	Apr-12	Early-stage – technology	Europe	Pietro Bezza and Bill Earner	n/d					
Creandum	Creandum III	SWE	€150	1st	€93	May-12	Early- and later-stage – technology	Nordic	n/d	+46 8-524 63 630					
Creathor Venture	Creathor Venture Fund III	D	€80	1st	€51	Sep-11	Early-stage	D, F, A, CH	Gert Köhler	+49 6172 13 97 20					
Credit Agricole Private Equity	Capenergie II Renewable Energy Fund	F	€200	n/d	€120	Dec-11	Expansion – renewable energy, infrastructure	Europe	n/d	+33 1 43 23 21 21					
Credo Ventures	Credo Stage I	CZ	€20	1st	€11	Nov-10	Early-stage	Europe	n/d	+420 222 317 377					
Cross Road Biotech	CRB Bio II	ES	€60	1st	€30	Apr-12	Early-stage – biotech	ES	n/d	+34 91 446 78 97					
Danske Private Equity Partners	Danske PEP V	D	€600	1st	€534	Feb-12	Fund-of-funds	Western Europe, North America	John Danielsen	+45 3344 6329					
Diana Capital	Diana Capital II	ES	€175	FA	€100	Jan-11	Buyout, expansion	ES	Javier Fernández Las Heras	+34 914 262 329					
Earlybird Venture Capital	Earlybird 2012 Fund	D	\$200	1st	\$100	Apr-12	Early-stage – internet, technology	DACH	Hendrik Brandis	+49 40 432941 0					
Earth Capital	ECP Renewable Energy Fund One	UK	€750	1st	n/d	Jan-10	Expansion – renewable energy, infrastructure	EMEA	Ben Cotton	+44 20 7811 4500					
E-Capital	E-Capital III	BE	€80	2nd	€95	Feb-12	Buyout	Benelux	Jérôme Lamfalussy	+32 2 642 20 00					
EDF and Idinvest Partners	Electranova Capital	F	€100	1st	€40	May-12	Early-stage – cleantech	Europe	n/d	+33 1 58 18 56 56					
EMBL Ventures	EMBL Technology Fund II (ETF II)	D	>€50m	1st	€40	Dec-11	Early-stage	DACH	Stefan Herr	+49 6221 389 330					
Equistone Partners Europe	Equistone Partners Europe Fund IV	UK	€1,500	4th	€1,000 (est.)	Apr-12	Buyout	Europe	Rob Myers	+44 207 512 9900					
Eurolight Ventures	Eurolight Ventures Fund	ES	€80-90	FA	n/d	Feb-11	Early-stage – photonic SMEs	Europe	Victor Sunyer	n/d					
European Bank for Reconstruction and Development (EBRD)	European Bank for Reconstruction and Development (EBRD) Programme	UK	€100	1st	n/d	Dec-11	Early-stage, expansion – technology	Europe, mainly east and south Mediterranean	n/d	+44 20 7338 6000					
F&C	F&C Climate Opportunity Partners	UK	n/d	1st	€30	Oct-11	Fund-of-funds – climate change	Europe	Hamish Mair	+44 20 7628 8000					
FF&P Private Equity	FF&P Investor 3 LP	UK	n/d	1st	£47	Jun-11	Buyout, expansion	UK	Henry Sallitt, David Barbour	+44 20 7036 5722					
Foresight Group	Foresight Environmental Fund	UK	£200	FA	£70	Mar-11	Early-stage – recycling and renewable energy	London	Matt Taylor	+44 1732 471 804					

A	Austria	D	Germany	ES	Spain	I	Italy	NOR	Norway	RO	Romania	UK	United Kingdom	FC	Final close
BE	Belgium	DEN	Denmark	F	France	LX	Luxembourg	P	Portugal	SWE	Sweden	US	United States	1st	First close
CH	Switzerland	EI	Ireland	FIN	Finland	NL	Netherlands	PL	Poland	TR	Turkey	FA	Fund announced	2nd	Second close
Group	Fund name	Base	Target (m)	Close	Amount (m)	Date	Stage	Region	Contact	Tel No					
Gamesa	Gamesa Fund	ES	€50	FA	n/d	May-11	Early-stage, expansion – renewable tech	Global	David Mesonero	+34 944 03 73 52					
Grupo Inveready	Inveready First Capital I	ES	€5	FA	€3	Oct-10	Early-stage – technology	ES	Ignacio Fonts	+34 93 447 30 63					
Headway Capital Partners	Headway Investment Partners III	UK	\$373	FA	n/d	May-12	Secondaries	Europe, US	Kevin Brennan	+44 20 7518 8888					
I2BF and VTB	Nanotech fund	UK/ RU	\$100	FA	\$50	Oct-10	Early-stage – technology	Russian, Kazakhstan	Ilya Golubovich	+44 20 3405 1974					
IDeA Capital Funds	IDeA Energy Efficiency and Sustainable Development	I	€100	FA	n/d	Nov-10	Buyout, expansion – cleantech sector	I, DACH, Israel	n/d	+39 02 2906 631					
Idinvest Partners	Idinvest Private Value Europe	F	€150	FA	n/d	Apr-12	Mezzanine	Europe	François Lacoste	+33 1 58 18 56 56					
Inter-Risco	Fundo Inter-Risco II	P	€150	1st	€75	Nov-10	Buyout, expansion	P	Miguel de Oliveira Tavares	+351 220 126 700					
Intesa Sanpaolo	Atlante Private Equity	I	€250	1st	€150	Jan-11	Buyout – Italian SMEs	I	Walter Comelli	+39 0516566023					
Investindustrial	Investindustrial Fund V	I	€1,250	n/d	<€1,000	Apr-12	Buyout	Europe	n/d	+44 20 7631 2777					
Kernel Capital	Bank of Ireland MedTech Accelerator Fund	UK	€10	FA	n/d	Feb-11	Early-stage – medical technology	EI	Orla Rimmington	+353 21 4928974					
Legal & General Ventures	LGV 7	UK	n/d	1st	£170	Dec-10	Buyout	UK	Nick Marsh	+44 20 3124 2911					
Life Sciences Partners	LSP Life Sciences Fund N.V.	NL	€250	FA	n/d	Apr-11	Expansion, small and mid cap – biotech	Europe, US	Mark Wegter, Joep Muijers, Geraldine O'Keefe	+31 20 664 55 00					
Maven Capital Partners	Scottish Loan Fund	UK	£150	1st	£94	Mar-11	Mezzanine	Scotland	Andrew Craig	+44 141 206 0104					
Mediterra Capital Management	Mediterra Capital Management Fund	TR	\$360	1st	\$144	May-11	Buyout – mid-market	Turkey	Ahmet Faralyali	+90 212 340 76 34					
MMC Ventures	The MMC Growth Generation Fund	UK	n/d	FA	n/d	Mar-12	Early-stage, expansion – tech, healthcare, media, growth capital	UK	Rory Stirling	+44 2073610213					
Montefiore Investment	Montefiore Investment III	F	€180	FA	n/d	May-12	Early-stage, expansion, lower mid-cap	F	Eric Bismuth	+33 1 5818 6870					
Mountain Cleantech	Mountain Cleantech Fund II	CH	€100	1st	€23	Oct-11	Early-stage, expansion – cleantech	DACH, Nordics	Jürgen Habichler	+41 44 783 80 41					
MTI	Orion Fund	UK	£150	FA	n/d	Feb-12	Early-stage	UK	Richard Henderson	+44 1727 8849398					
Nazca Private Equity	Fondo Nazca III	ES	€150	1st	€190	Sep-10	Buyout, expansion	ES	n/d	+34 91 7000 501					
Nextstage	FCPI Nextstage Cap 2016	F	€25	FA	n/d	Oct-10	Early-stage	F	Marie-Agnès Gastineau	+33 1 53 93 49 40					
NIBC	NIBC Growth Capital Fund II	NL	€200	1st	€100	Sep-11	Buyout – mid-market	D, Benelux	n/d	+31 70 342 5425					
Notion Capital	Notion Capital Fund 2	UK	\$150	1st	\$100	Apr-12	Early-stage – technology	Europe	Stephen Chandler	+44 845 498 9393					
Partech Ventures	Partech International VI	F	€120-140	1st	€100	Dec-11	Early-stage, expansion – technology	Europe, Silicon Valley	Jean-Marc Patouillaud	+33 1 53 65 65 53					
Perceva Capital	Perceva Capital	F	n/d	n/d	€150	Jan-11	Buyout, special situations	F	n/d	+33 1 4297 1990					
Pontis Capital	PGC II	A	€60	1st	€30	Jul-11	Expansion, small and mid-cap – technology	DACH	Gerhard Fiala	+43 1 533 32 33 10					
Riva y Garcia and Official Medical College of Barcelona (COMB)	Healthequity	ES	€15-20	FA	€4	Mar-11	Early-stage – medical services, biotech	ES	Borja García Nieto	+34 93 2701212					
Sepides	Enisa Fespyme Sepides	ES	€15	FA	€15	Oct-10	Early-stage	ES	n/d	+34 91 396 14 94					
Sherpa Capital	Sherpa Capital	ES	€30	FA	n/d	Oct-10	Buyout, distressed situations	Europe, Latin America	Eduardo Navarro	+34 902 702526					
SICI	Rilancio e Sviluppo	I	€50	1st	€26	May-12	Expansion – Tuscan SMEs	I	Fabrizio Buzzatti	n/d					
SODENA	Nabio	ES	€600	FA	€350	Nov-10	Early-stage – healthcare	ES	n/d	+34 848 421942					
Steadfast Capital	Steadfast Capital Fund III	D	€250	1st	€104	Jun-11	Buyout, expansion	DACH, Benelux	Nick Money-Kyrle, Fynamore Advisers	+44 7887 428 639					
Suanfarma	Suan Biotech II	ES	€30	FA	n/d	Nov-10	Early-stage – biotech	ES	n/d	+34 91 344 68 90					
Sunstone Capital	Sunstone Technology/Ventures Fund III	DEN	€100	1st	€85	Dec-11	Early-stage, expansion – tech, life sciences	Nordics and CEE	Jimmy Fussing Nielsen	+45 2012 6000					
The Steve Leach Partnership	The Steve Leach Partnership	UK	£20	FA	n/d	Dec-10	Early-stage, expansion	UK	Steve Leach	n/d					
Troika Ventures	Troika Technology Ventures	RU	\$500	FA	\$100	Feb-12	Early-stage, expansion – technology	Russia, Europe	Artyom Yukhin	+7 495 258 0534					
VNT Management	Power Fund III	FIN	n/d	1st	€42	Nov-11	Early-stage, expansion – cleantech	FIN, Europe	Jarmo Saaranen	+358 (0)6 3120 260					
Wellcome Trust	Project Sigma	UK	£200	FA	n/d	Mar-12	Early-stage – biotechnology	UK, Europe	Nigel Keen	+44 20 7611 8888					
Wise	Wisequity III	I	€170-200	2nd	€140	Dec-11	Buyout, expansion	I	Michele Semenzato	+39 02 854569 204					
Zurmont Madison	Zurmont Madison Private Equity II	CH	CHF 250	FA	n/d	Mar-12	Buyout, lower mid-market	DACH	Andreas Ziegler	+41 44 267 5000					

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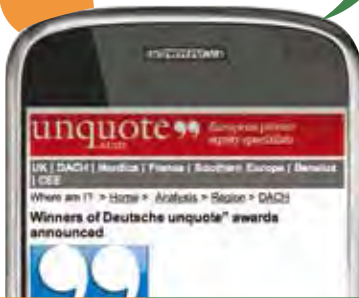
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