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CONTENTS

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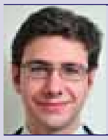
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NEWS & DEALS

ANALYSIS

DATA

PEOPLE

FUNDS

DATA TABLES

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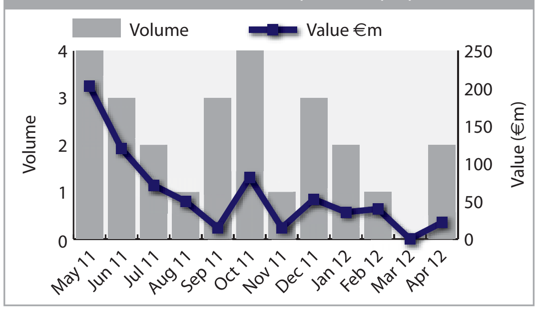
€2.7bn exit lights up CEE

CVC'S SALE of StarBev is the second strong exit so far this year in CEE – the flotation of AVG on the NYSE was the first PE-backed IPO of a European business in 10 months. Together, these two exits should help re-convince institutional investors of the merits of the region.

This sentiment shift is needed: At the recent *unquote"* CEE Congress (*see page 40*), LPs expressed surprise when discussing results of the latest EMPEA sentiment survey, which revealed CEE ranks lowest for attractive investment destinations. It is feared the allure of "newer" emerging markets such as Brazil, Turkey and parts of Africa offer greater growth prospects.

LPs at the event indicated there are around 12 PPMs for investment in CEE private equity in circulation. With just two funds announced last year (an Abris first close and Resource's top-up), the region's home-grown talent has a lot of work ahead of it. It remains to be seen whether CVC's mega trade sale is deemed a regional success, or the alchemy of a global buyout house. ■

Volume and value of private equity deals in CEE



Source: *unquote" data*

DEALS

LARGE-CAP

CVC exits StarBev in €2.65bn trade sale

CVC CAPITAL Partners has sold CEE-focused brewer StarBev to NYSE-listed Molson Coors Brewing Company for €2.65bn.

Under CVC's ownership, StarBev has grown into a standalone business, and CVC stated the company invested "heavily" in capital expenditure, marketing and brand development.

NAME	StarBev
DEAL	Trade sale
VALUE	€2.65bn
LOCATION	Prague
SECTOR	Brewers
FOUNDED	2009
TURNOVER	€700m
EBITDA	€241m
STAFF	4,100
VENDOR	CVC Capital Partners

www.unquote.com/2165649

The private equity house acquired the CEE operations of brewery Anheuser-Busch InBev (AB InBev) in a $2.23bn deal in 2009. A senior debt facility of approximately £1bn was provided by international and regional banks to support the deal. The deal value was composed of £1.6m in cash (debt and equity); £448m in an unsecured deferred payment obligation with a six-year maturity; and £165m in minority interests.

StarBev, with a staff of 4,100 people, operates breweries in the CEE region, brewing around 13 million hectolitres per year.

ADVISERS

Equity & Company – Nomura International (M&A); Freshfields Bruckhaus Deringer (Legal).

EARLY-STAGE & EXPANSION

Enterprise backs United Oilfield Services

POLISH PRIVATE equity firm Enterprise Investors has taken a minority stake in Polish oil services company United Oilfield Services for $28m. The firm invested in the young geophysical services provider through its Polish Enterprise Fund VI. It will also take a seat on the company's board.

NAME	United Oilfield Services
DEAL	Expansion
VALUE	$28m
LOCATION	Warsaw
SECTOR	Oil & gas

www.unquote.com/2168897

The company plans to be able to offer drilling and completion services on top of its seismic services by the end of 2012.

BaltCap commits €1m to Clusterpoint

BALTCAP HAS invested €1m in Latvian data management company Clusterpoint. Part of the capital committed was provided by the EU-sponsored Joint European Resources for Micro to Medium Enterprises programme. The capital will be used to support the firm's international expansion.

NAME	Clusterpoint
DEAL	Expansion
VALUE	€1m
LOCATION	Latvia
SECTOR	Computer services
FOUNDED	2006

www.unquote.com/2167304

CEE feels eurozone pinch

On 18 April 2012, *unquote"* hosted its sixth annual Central & Eastern European Congress in London. LPs, who accounted for 40% of the 92 delegates, indicated around a dozen PPMs are on desks and the majority merit serious attention – even if international LPs are shying away from emerging markets

CEE GDP growth set to fall in 2012

CEE ECONOMIC growth is likely to fall to around 2.8% in 2012, warns IMF senior economist Rodolphe Blavy. Speakers at the 2012 *unquote" CEE Congress* highlighted both the eurozone crisis contagion and the deleveraging of Western banks active in CEE as key reasons for the predicted slowdown in economic growth for emerging European countries.

Blavy believes the eurozone itself will see economic recession in 2012 of around 0.3%, which will also impact countries that are reliant on exports to Western Europe; CEE among them.

The IMF expects Turkey and the Baltic countries to be particularly badly affected. Turkish GDP growth is set to fall from more than 8% in 2011 to around 2.3% this year. The country is also suffering from a substantial current account deficit that could drive inflation to as high as 10.4% in 2012.

Despite the issues currently facing CEE countries, the region is set to perform better than was expected late last year. Blavy cited increasing capital inflow into CEE in Q1 as a positive trend, while growing optimism that the eurozone will hold together could also help prevent further contagion in the region.

However, if the eurozone crisis were to escalate further, the majority of CEE countries could see GDP impacted by as much as 3%, as the region remains vulnerable to conditions in its more developed Western neighbours.

Regional banks to lose ground to debt funds

REGIONAL CEE banks are expected to lose ground to specialist debt funds in the local leverage market, according to a sentiment survey for the congress.

Just 32% of survey respondents said regional banks will be the main source of leverage for deals in the region, compared to almost half a year ago. National and local banks are also expected to be less involved in providing leverage, with 21% claiming they will be the main source of finance this year, down from 29% in 2011.

However, specialist debt funds are expected to take advantage, with the proportion of respondents expecting them to be major debt providers more than doubling from 19% at last year's congress to more than 40% this year.

The forecast decline in bank lending will also lead to rising debt-to-EBITDA multiples, according to those surveyed. In 2011, no respondents expected ratios of more than 8x, while in 2012 around 18% believe CEE will see debt multiples rising to these levels. This is coupled with falling expectations of small multiples (in the 2x-3.9x range), with the proportion forecasting average debt multiples in the range falling by half to 14%.

Pledge funds not a panacea

IN THE current fundraising market, GPs unable to attract ever so selective LPs might be tempted to do away with the traditional, 10-year LP fund altogether and raise capital on a deal-by-deal basis instead – a route Duke Street recently chose, for instance.

But beside the obvious advantage of a quicker and perhaps more efficient fundraising process, SJ Berwin partner Sonya Pauls, addressing delegates at the congress, pointed to the potential financial upside for a GP in that situation: "Carried interest can be charged on a deal-by-deal basis, as opposed to the fund-as-a-whole model adopted for the vast majority of traditional closed-end vehicles – this can definitely be a better deal for GPs."

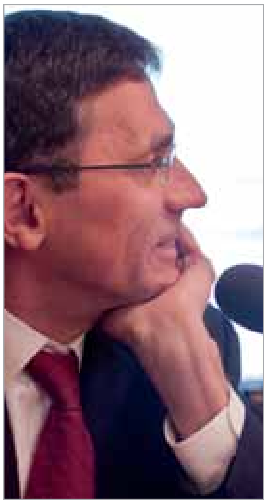
That said, Pauls also highlighted the many downsides of the deal-by-deal fundraising model. First of all, she noted that adopting such a model might put GPs at a competitive disadvantage come deal-doing time, as it would be seen as less convincing in terms of deliverability.

"It also raises the question of who actually owns the track record," Pauls continued. "The private equity house, or a small group of investors able to cherry-pick the best investment opportunities?" She also warned that GPs going to investors for funding on a deal-by-deal basis risk seeing their "story" weakened by definition – as they could be perceived as not attractive enough to raise a traditional fund in the first place.

Euro funds still attractive

Touching on broader fundraising issues, Pauls noted that continental GPs are not necessarily suffering from investor concerns about the eurozone crisis. "We have seen a few strong fundraises lately, and the most oversubscribed examples have been euro-denominated," she said. "These could have chosen another currency to raise their fund but stuck to the euro."

That said, Pauls also stressed that the market remains strongly bifurcated. "GPs that have a strong story to tell have never been in a better position to raise a fund," she said, before adding that this strong "flight-to-quality" phenomenon had seen many managers – including brand-names – struggle to attract commitments.


Placing CEE

PRIVATE EQUITY in Central and Eastern Europe sways between an emerging market and a peripheral European player, according to speakers at the congress. But while it is difficult to commit to the region, investors agree that to bring it out of the shadows they have to start investing. What is holding some LPs back?

"CEE should be part of Europe, but we are far from that stage," said Alessandra Pasian, senior banker at EBRD. European initiatives fuelled by the EBRD, the EIB and the IMF have sought to light up the shadowy region. But despite a surge in investment in Q1 2011, CEE has not developed the momentum seen in other regions.

Suspicious investors

Recent investor surveys highlight suspicion around investing in the region. In an EMPEA survey, for instance, CEE ranks lowest on LPs' wishlists, with under a third confident that the region could deliver returns of 16% or more – the expected rate of return for private equity in emerging markets – and notably worse than MENA and Russia. Figures suggest the situation in CEE is improving and gross IRR has picked up from 17% at the end of 2010 to 18.8% in June 2011, according to EMPEA.

However, Henry Potter, partner at CEE fund-of-funds Alpha Associates, said low levels of broader investor interest, compared to China or Latin America, can be a boon to those who do operate in the region. "My job is to invest in Eastern Europe. From an investment point of view, I'd be more worried if the market is sexier. Capital shortage is a very powerful driver of returns," he explains, adding, "GPs have to do their job and show some good returns to get it going."

In deciding whether to invest, LPs often look at who the major players are. This is a challenge in CEE, explained Pasian: "There's a lack of investors if you exclude global investors. The challenge is how to get local investors interested in investing locally in the region."

Bridging the Gap

As a lot of funds in CEE are relatively new, they often find it difficult to compete with the big brands, which can provide tales and track records. But there is a trend of investors turning towards the team and its strategy to exploit market opportunities instead.

Viktor Speckinger, principal at Akina, said: "Finding an investment professional with sufficient experience is often difficult and investment managers are often young. However, there are still some jewels in CEE that can be bench-marked against western European performance and sometimes even outperform returns from western investments."

Speckinger heads the co-investment team at Akina. He believes co-investment strategies are beneficial to areas where there is a funding gap. However, there is widespread concern over transparency and preferential treatment of LP co-investors as power is thrown their way. There is also the issue of confidentiality; late drop-outs and GPs need to be careful not to be left standing at the altar.

The rise of the bond

High yield is here to stay. What does it mean for private equity? Kimberly Romaine reports

The Marlborough men (*from left to right*): William Allen, Jonathan Guise, David Parker and Romain Cattet

HIGH YIELD has had a rocky start in Europe. Its investor base means bonds are subject to wider market fluctuations, meaning the recovery of both came to a halt last summer, when the previous six months' record €32bn+ issuance all but dried up as global investors feared the worst. The effects were felt more strongly in Europe, where a less liquid market meant that a handful of deals were literally left hanging.

The team at Marlborough Partners know all this very well. They started out together in 2003 when they set up debt advisory business Blenheim. The market was then in its seemingly endless ascendancy and leverage markets were frothy. High yield was nascent and mostly a subordinated instrument which competed with mezzanine. The team – firstly Blenheim, then Houlihan Lokey (via an acquisition) and ultimately Marlborough – have truly seen it all, having advised on €13bn of primary deals and €14bn of amends and restructurings since then.

"When we started in 2003, deals were almost entirely underwritten and held by banks and mezzanine providers," recalls William Allen, managing partner at Marlborough. "We then witnessed the institutional market, through CLO/CDO issuance, bring in huge liquidity that fuelled the 2006-2007 underwriting boom

> *"This is the last year we will see a meaningful number of amend-and-extend deals for businesses with CLOs in their investor base"*
> **Jonathan Guise,** Marlborough Partners

where the bulk of risk was still underwritten by banks but sold down into the CLO/CDO universe." This was during the industry's ascent – but it was not to last. "The credit crunch killed off new CLO/CDO issuance in Europe and heralded a sustained 'risk-off' and 'capital conservation' approach by the banks. While bank liquidity has gradually returned, albeit it on a greatly reduced scale, and credit funds have brought in a modest amount of new capital, we have seen mezz-return expectations effectively pushing that lender base out of the market as the gap they once filled is occupied by sponsor equity."

With H2 2011's slump seemingly over – Q1 of this year saw a remarkable recovery – the market is not just back, but it is top of the totem pole: Previously, high yield was subordinate to senior but now sits comfortably alongside it, *pari passu*. Additionally, it is shorter term: Nowadays, seven-year maturity with a non-call of three years is standard, down from five years ago, when a nascent European high-yield market consisted of 10-year maturities and five-year non-call provisions.

These changes are significant. While high yield remains expensive (coupons are more expensive, plus the ratings incur costs) it is at least cheaper – from a "getting out" point-of-view – than it was during its last ascent. To boot, high yield's presence is more welcomed as bank and CLO liquidity diminishes; years ago, it was deemed mispriced mezzanine owing to its ranking.

High yield began its 12-month growth spurt in the middle of 2010. In 2010 and the first half of 2011, around half of large European LBOs contained high yield; the figure is substantially higher for refinancings. In fact this period saw value increases driven by primary deals, indicating sponsors were accepting the tool even outside restructurings (*see graph, right*).

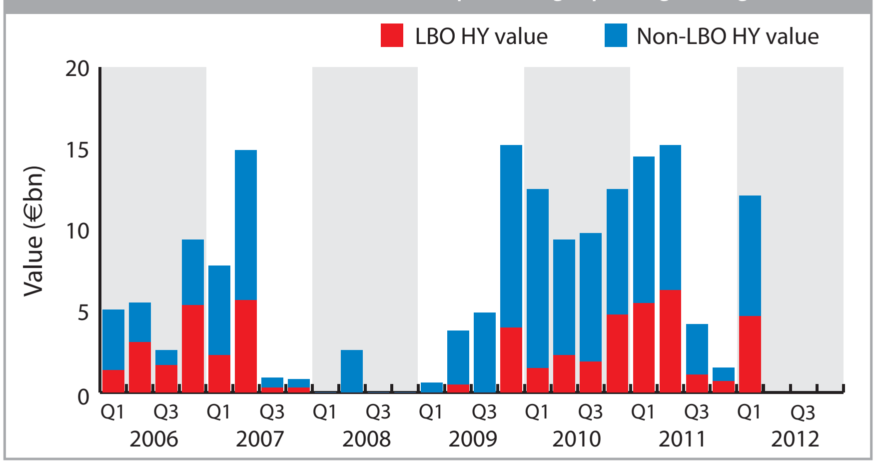
CLO exodus ushers in HY

The reliance on this relative newcomer to European deals should ensure its colonisation of capital structures, as borrowers face maturity peaks from next year through to 2015. Indeed, most deals structured in 2006 to 2007 had CLOs as the majority of their investor base. These loans are coming due (a record €94bn is due in 2015) which is why refinancing activity is upping its pace.

"A huge number of deals are getting closer to their maturities and a lot of the debt is held by CLOs nearing the end of their re-investment periods. Some can extend via cashless deals but others are being more conservative and may not give their consent," explains Jonathan Guise, managing partner at Marlborough. He goes on to warn that "this is the last year we will see a meaningful number of amend-and-extend deals for businesses with CLOs in their investor base".

This inability – or unwillingness – of CLOs to re-issue may make high yield a necessary player in the refinancing arena. "As a rule of thumb, 10-15% of CLOs are not able to extend at the moment. Once it hits 25-33% – which we believe it will do around the end of this year or beginning of next – you are going to have too much of a short-term refinancing problem to amend and extend," says David Parker, managing partner at Marlborough. It is believed that UK cereal brand Weetabix required 80% acceptance to extend its loans, but managed to get nearer 90% as a result of paying down some debt with cash and sweetening the deal with margin uplift. Incumbent backer Lion Capital was in talks with possible buyers at the time of going to press.

European high yield gaining traction



Source: S&P CIQ LCD

> *"In larger deals, high yield can provide a bridge to the quantum needed in a time when banks are not lending as much"*
> **Carlo Fontana,** Lloyds Banking Group

"If, practically, the amend-and-extend game is over next year, then you have to refinance through alternative sources," Guise explains. "This means that private equity firms are dependent upon the continuing development of the high-yield market for large deals and the recovery of bank balance sheets, as well as the growth of the embryonic alternative capital providers for mid-market deals."

A tall order. So it is handy that insurance companies are redirecting their investments away from equities in favour of bonds as a result of Solvency II. Thus the regulation – mostly deemed a headache for the industry – may help fill the gap being left by banks, which are shying away from lending at the levels seen between 2005 to 2008.

And credit funds, currently the preserve of the US, are increasingly springing up in Europe. Most recently, Searchlight Capital – a new fund created by ex-KKR, Apollo and Ontario Teachers' executives – raised $860m for its debut debt and equity fund (*see page 25*). In December, Scottish Widows Investment Partnership (SWIP) launched a European high-yield bond fund. Summit, a Boston-based GP, launched a credit fund that will invest in bank loans and high-yield bonds last March and expects to close on $300m imminently. Ares, which impressed markets almost immediately upon launching in 2008, is raising its latest fund and partnering with GE to tackle larger deals.

Benefits of bonds

High yield is proving advantageous for borrowers: "Where you only have high yield as a financing source, you have a very flexible structure. There is just one financial covenant and it is an incurrence one. Also, in larger deals, high yield can provide a bridge to the quantum needed in a time when banks are not lending as much," says Carlo Fontana, head of high-yield capital markets at Lloyds Banking Group.

High yield does not amortise like a bank loan. With incurrence rather than maintenance covenants, high yield is effectively covenant-light, conjuring up images of pre-crunch blissful ignorance. The difference now is that high yield is often senior secured nowadays, while default rates – despite fears of a second recessional dip in Europe – are stable at around 2%, roughly half their historical average. This double whammy of decreased risk puts paid to the expression "junk bond".

A high-yield bond issuance can help prepare a target for a public listing. In March, the €3.5bn IPO of Ziggo (*unquote.com/2156507*) illustrated this point. The unusually

More than half of Europe's top 10 LBOs since 2010 contain bonds

Issuer	Deal	Loan (m)	Bond (m)	Total (m)	Country	Purpose	Launched	Sponsor
Rexel SA	Rexel (2/10)	€1,700	€0	€1,700	France	Refinancing	15 Jan 2010	Clayton Dubilier & Rice
Sunrise Communications AG	Sunrise (11/10)	€813	€505	€1318	Switzerland	LBO	18 Oct 2010	CVC
Ziggo BV	Ziggo (HY 4/10)	€0	€1,200	€1,200	Netherlands	Refinancing	27 Apr 2010	Cinven Ltd
Ahlsell Holding AB	Ahlsell (3/12)	€1,158	€0	€1,157	Sweden	LBO	16 Feb 2012	CVC
Spie	Spie (8/11)	€1,085	€0	€1,085	France	LBO	12 Jul 2011	Clayton Dubilier & Rice
Com Hem AB	Com Hem (11/11)	€766	€288	€1,054	Sweden	LBO	4 Oct 2011	BC Partners
Ally Financial	GMAC (HY 4/10)	€0	€1,000	€1,000	USA	General	14 Apr 2010	Cerberus Partners
Kabel Deutschland GmbH	KDG (7/11)	€500	€500	€1,000	Germany	Refinancing	9 Jun 2011	Providence Ventures
Gruppo Coin SpA	Gruppo Coin (7/11)	€985	€0	€985	Italy	LBO	7 Jun 2011	BC Partners
Picard Surgeles SA	Picard (10/10)	€675	€300	€975	France	LBO	10 Sep 2010	Lion Capital

Source: S&P CIQ LCD

> *"Given reducing bank liquidity, greater high-yield issuance will play a central role in the recovery of the European leveraged loan market"*
> **William Allen,** Marlborough Partners

successful private equity-backed flotation beat estimates to raise €804m when it priced at €18.50 per share, the top end of its indicative range, and then traded up in the weeks that followed. Not only was the subsequent uptick in share price unusual for the times, so too was the fact a private equity-backed business listed at all – it was only the third in Europe in a 10-month period. "Ziggo had issued public bonds in 2010 and began public reporting from that time, so the company and management had experience of explaining their story and reporting on performance to public debt investors," says Joe Schull, managing director at Warburg Pincus, one of Ziggo's backers.

Bonds also helped a Polish debt business float last year: Enterprise Investors reaped 8x money when it placed Kruk on the Warsaw Stock Exchange eight years after investing. Enterprise began IPO preparations in April 2010, when a road show paved the way for Kruk's first bond issue. A year later the business was floated, with 12 of Poland's 14 pension funds investing, as well as all domestic mutual funds. Enterprise had backed the business in April 2003 and still retains 25%.

"We tell sponsors, if you are considering an IPO exit, high yield helps prepare the target in terms of quarterly reporting, high levels of diligence and dialogue with investors," says Fontana.

Not for all borrowers…

High yield remains the preserve of "large" assets, but the threshold is falling. "Deals with an EV of €400m and up can access the high-yield market if it is open," Guise advises.

Fontana reckons the debt element of a deal needs to be at least €175-200m for high yield to be suitable, meaning the target must generate EBITDA of at least €40-50m.

Europe's illiquid market means bridging risk is higher than in the US, where bonds are rated and priced prior to a deal being signed. Some deals, signed when the market was open (H1 2011) became hung bridges as Europe's fledgling high yield market shut its doors. French engineering company Spie, which underwent a buyout last summer (*unquote.com/2074787*), was hung until April, when its €375m bond maturing in August 2019 priced with an 11% coupon. The bond was said to be 4x oversubscribed. Securitas Direct eventually abandoned plans for a €394m bond last August, opting for mezzanine.

"If you can access the US markets, there is more liquidity. But to do that, you need a US angle or a very strong credit story," Parker says. Belgian chemicals business Taminco was an example of this, due to a large proportion of its revenue being denominated in dollars. Its $1.4bn leverage consisted of $452m cov-lite term-loan; $452m second-secured notes and a $198m revolver.

Last July, Apax France took a 40% stake in the spin-off of Numericable Belgium in a €360m deal that was funded with a €260m seven-year high-yield bond. The timing was not great: the mini-cycle seen in Q2 2011 had just ended, so Numericable's bond priced in the teens. Interestingly, Numericable's EBITDA was below Fontana's suggested floor (the target generated €38m EBITDA on €62m turnover for 2010).

…or all lenders

The US is the epicentre of high-yield activity with JP Morgan, Deutsche and Credit Suisse leading the pack. But in Europe, these banking behemoths are relying on local teams to assist with the bookrunning. "Lloyds was doing bonds off the balance sheet, but since 18 months ago, we've come up with more creative dialogues with clients," Fontana says. Lloyds has done seven deals so far, five of which saw the bank act as bookrunner. The three aforementioned banks now turn to Lloyds to provide the revolving credit facilities (RCFs).

"Bond-led loan redemptions have provided institutional lenders with a welcome boost to liquidity as they look to redeploy this capital into the loan market while they still can," Allen says. He continues: "Given reducing bank liquidity, greater high-yield issuance will play a central role in the recovery of the European leveraged loan market, although we are likely to be stuck with book-built club deals in the mid-market for the foreseeable future."

Of course the market could shut again as quickly as it did last year. With the UK back in recession, France's electorate looking left and the Dutch government collapsing all at the time of going to press, appetite for European issuance may be on the wane already. ■

Lack of metrics stalls social impact investment progress

Funds dedicated to social enterprise investment contain capital commitments and networks exist to leverage expertise and opportunities, so why has progress been slow? Amy King reports

BIG ISSUE Invest, the social investment arm of the Big Issue, is soon to hold a final closing of its maiden fund. Including £4m from HSBC and significant backing from Deutsche Bank, capital commitments are expected to reach £10m. Alongside Bridges Ventures' Social Entrepreneurs Fund, which closed on almost £12m in 2009, these funds target opportunities in the "middle space that is beginning to emerge between straight charity – funded by grants and donations – and pure profit-driven business," according to Sarah Forster of Big Issue Invest. Social enterprises fill that space.

"There is increasing recognition in the finance world that investors can have an impact by investing their funds in a more responsible way"
Antony Ross, Bridges Ventures

Social enterprises are those that seek to create profit and generate a social return. Given the limited resources available to charities, exacerbated by the dwindling disposable incomes of donors and the difficult access to traditional financing experienced by SMEs, the growth of such enterprises is often restricted. As austerity continues, these issues look to become more acute. As a result, social enterprise funds are set to become an increasingly important solution to a pertinent problem.

"These are different enterprises that require a different sort of investment and specialist funds," according to Antony Ross of Bridges Ventures. "This is more akin to the hands-on venture investment model, where investors actively engage with both capital and resources to boost growth," he adds. Call Britannia, a Bridges Ventures and Big Issue Invest portfolio company that aims to create employment for the long-term unemployed at its call centres, is one such example.

"I think there has been increasing recognition in the finance world that investors can have an impact by investing their funds in a more responsible way," says Ross, "That cultural shift has started, and we are optimistic that it will continue."

No comparison

Why then has progress been slow? "Everybody agrees that to get the capital market to move into this area, you need more transparency around social performance measurements so you can measure the financial risk and social return. It is currently hard to compare," says Forster. "It is an area in development. Ideally, what we hope for is to develop common metrics at the sector level so you can begin to compare returns across organisations," she adds.

The development of a standardised metric for risk and return reporting is noticeably absent within the sector. The breadth of target companies united under the umbrella term "social enterprise" – applicable to a firm seeking to redress long-term inner-city unemployment and another addressing a lack of clean water in rural Africa – renders a comparison of their social impact problematic. A cross-sector system to compare risk and reward is

"You need more transparency around social performance measurements so you can measure the financial risk and social return. It is currently hard to compare"
Sarah Forster, Big Issue Invest

therefore fundamental for the national and international market. Indeed, this is a primary concern for the Global Impact Investing Network and its Impact Reporting and Investment Standards initiative.

Given the positive social effects, it is easy to conflate social enterprise businesses with the third sector. However, this is not philanthropy; investors want returns. But do investors anticipate a trade-off between higher social impact but lower returns in social impact investments?

That depends on the market. According to a report on impact investment released by JP Morgan and the Rockefeller Foundation, VC investments in emerging markets are expected to return around 10%, lower than the 12-15% expected on a social impact investment in emerging markets. Returns on investments in emerging markets then are expected to compete with, and even outperform, traditional investments.

Lower expectations

Within developed markets, though, the reverse is true; investors anticipate some sort of return sacrifice. With a distinct absence of metrics to compare returns, it seems this perception may continue to stifle progress.

However, such investments are not to be sidelined; the impact of these enterprises extend far beyond the social realm alone. In a tough economic and fiscal climate, they make an important contribution to economic growth. According to the department for business, innovation and skills, social enterprises make a £24bn annual contribution to the economy, equivalent to 1.5% of GDP.

What's more, social enterprises employ at least 800,000 people, many of whom come from groups traditionally excluded from the labour market, such as the homeless, for example. In addition, the upper echelons of such firms usually count among them a higher number of women and ethnic minorities than traditional enterprises.

The UK government has made the social investment market a priority, as exemplified by the launch of Big Society Capital (BSC), a financial institution that aims to stimulate social finance. BSC will make direct investments in social enterprises and act as a fund-of-funds to catalyse activity. The institution will also invest in financial products including social impact bonds, which, based on the concept of risk transfer, sees financial investors reap returns only if the social aims of the project are successful, thus saving public money and promoting social return. Perhaps its launch will mark an important turning point in the development of the necessary infrastructure to foster innovative social financing. ■

Big Society Capital launches

UK PRIME MINISTER David Cameron announced the launch of social investment fund Big Society Capital in early April.

The £600m vehicle contains £400m from dormant bank accounts while the remaining capital comes from HSBC, Barclays, Lloyds and RBS.

The so-called "Merlin" banks – those who meet government requirements on lending to small businesses, pay and bonuses – have injected capital as part of the Merlin deal agreed with the government.

Big Society Capital is headed up by Nick O'Donohoe, former head of research at JP Morgan, and chaired by Apax founder Sir Ronald Cohen.

The fund will invest via intermediaries in social enterprises and social impact bonds that seek to address a social problem. Some of the returns to investors will be funded by the government, which will return a cut of any savings the Treasury made as a result of the work of a social enterprise portfolio company.

The government hopes that the launch of the fund will help fuel the growth of social impact investment, which has so far been slow.

Carried interest continues to promote controversy

The low rate of taxation applied to many private equity partners' carry has become a concern of governments worldwide. John Bakie reports

"I doubt this [UK] government will attempt to increase tax paid on carry, but it is possible the next could"
Casper Noble, Ernst & Young

THE SPECTRE of carried interest tax has, once again, reared its head and hit the headlines. While Bain Capital co-founder Mitt Romney's successful bid to become the Republican presidential candidate led to a media storm over carried interest in the US, the issue is now on the minds of policymakers in Europe.

The financial crisis and dealing with its fallout have been a priority issue for politicians and regulators for years now. However, how the wealthy are paid and taxed – or, more appropriately, not being taxed – has become an issue of great public concern.

Prior to the credit crunch and ensuing global recession, there had been clear moves by governments to crack down on the tax-efficient structures used by private equity professionals to pay themselves. In the UK, the "taper relief" attached to capital gains tax (CGT) mean most GPs were paying just 10% tax, less than half that of someone on minimum wage at the time. Unsurprisingly, this led to outcries by newspapers and the public and the law was changed to a flat rate of CGT – but the problem remained. At 18% CGT, most private equity partners still paid a lower rate of tax on a large portion of their income than basic-rate taxpayers, and in 2010 chancellor George Osborne increased CGT to 28% for higher-rate tax payers.

US lags behind European reform

As many European governments impose austerity measures, there is a growing demand for a crackdown on loopholes enabling the wealthy to reduce their tax bills. This has led to a re-examination of the rules surrounding carried interest and several major industry figures admitting it's time for the private equity industry to change.

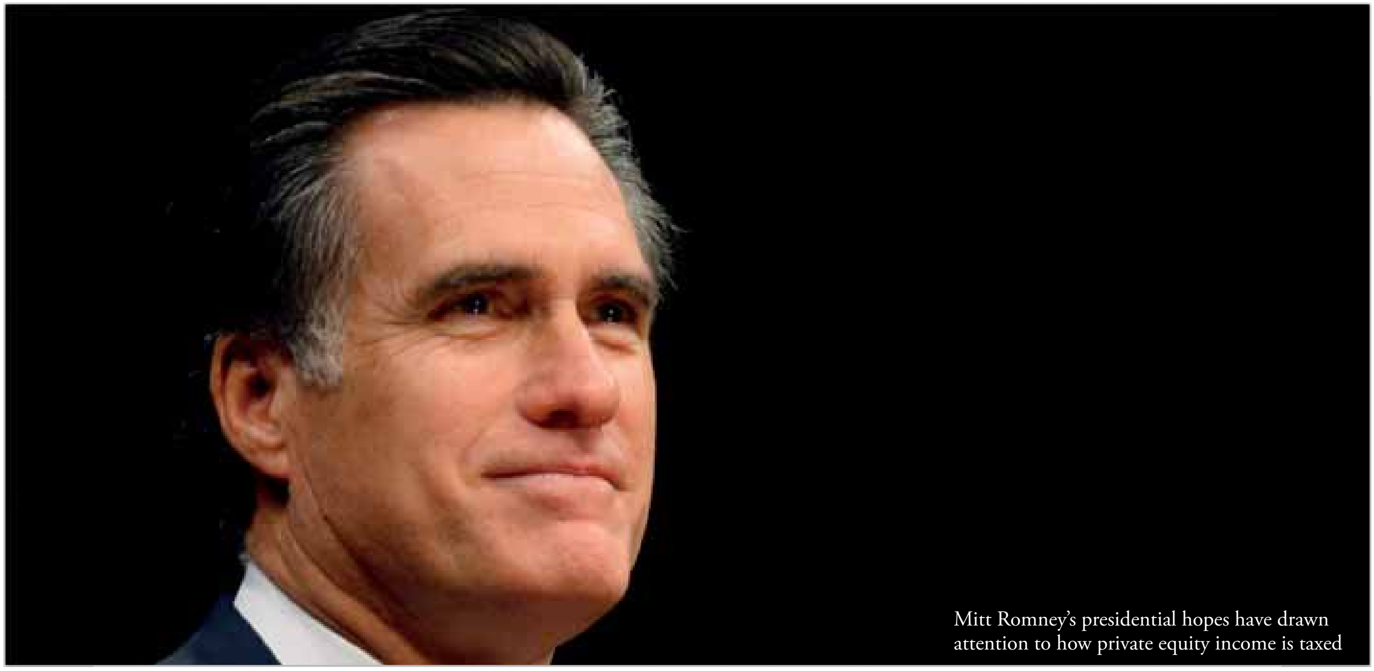
Commenting on the furore surrounding Mitt Romney's personal taxes in the US, Joe Dear, chief investment officer of CalPERS (which currently has around $50bn invested in private equity funds), said the tax breaks enjoyed on carried interest were "indefensible".

Perhaps more surprising was when Henry Kravis – arguably the biggest name in global private equity – said that carried interest should be looked at as part of wider reforms: "We have to look at the whole tax system, so that means you have to look at everything across all segments there. Carried interest could be part of that clearly, but there are lots of other things that need to be looked at," he said in an interview in April.

While much of the focus has been on private equity in the US, some parts of Europe are far closer to implementing legislation to increase the amount of tax paid on carried interest. Sweden has, perhaps, moved the furthest in this direction, with the country's finance ministry proposing taxing carried interest as income up to a ceiling, at which point it would revert to the 30% capital gains taxation rate. Sweden's tax authority has also been clamping down on tax avoidance measures and applying retrospective tax demands in some cases.

Germany is also currently looking at proposals to lift the rate of tax paid by those in the private equity industry, with four regional governments hoping to remove a clause that prevents them taxing more than 60% of a fund manager's profits. However, the law would need to be changed on a federal basis, and the state of Bavaria, a popular base for the country's financial sector, says it will stand against any change.

France's presidential race could also spell higher taxes on carry. French managers currently pay 38%, a relatively high rate of CGT compared to other parts of Europe. However, many of the left-wing candidates are promising to bring CGT into line with income tax, the top rate of which



Mitt Romney's presidential hopes have drawn attention to how private equity income is taxed

Photo © Jessica Rinaldi

is 45%. With François Hollande, the French Socialist's candidate, winning the first round of elections, it seems likely taxes for fund managers will rise.

UK change unlikely

While the UK government has not made any further moves to further tax carried interest, former government minister Lord Myners has called for moves to crackdown further, saying: "Private equity fund managers are getting equity-like returns without taking equity-like risks. This appears to be an anomaly."

However, Caspar Noble, a tax partner specialising in private equity at Ernst & Young, does not believe there will be any further changes before the next general election. "I doubt this government will attempt to increase tax paid on carry," he said. "But it is possible the next could, particularly if we end up with major tax changes in the US emerging out of the Romney vs Obama presidential race."

If a future UK government sought to increase taxation on fund managers, they may find it difficult to achieve without a major rewriting of the country's tax laws. As carried interest is simply a share of the underlying gains in the fund, there is no mechanism with which to tax fund managers' carry other than existing CGT rules. However, many would argue against a further increase in this tax's rate, as this would have far wider implications than simply reducing carry for fund managers, as CGT is intended to encourage investment, and hence is taxed at a lower level than normal income.

Europe's top tax rates

Country	Capital gains (top rate)	Income tax (top rate)	Difference
Denmark	32%	51.5%	19.5%
France	33.3%	41%	7.7%
Norway	28%	40%	12%
Spain	18%	52%	34%
Sweden	30%	55%	25%
UK	28%	50%	22%

Source: Federation of International Trade Associations

Furthermore, additional taxation could simply drive fund managers away from the UK: "If we compare private equity funds to hedge funds, while GPs are paying currently around 28%, a lot of hedge fund managers have migrated offshore to pay very little or no UK tax.

"If you clamp down on carry and charge full income tax there's more incentive for GPs to pursue this kind of action," explains Noble.

In fact, maintaining the existing tax situation in the UK could, alongside moves to increase taxation in Europe, mean the UK is in a relatively strong position to attract fund managers, despite a 10% hike in CGT. ■

Dealflow has slumped to a new low as financing fears continue, according to the latest *unquote" Private Equity Barometer*, published in association with Arle Capital Partners

First quarter 2012 records sharp decline in activity

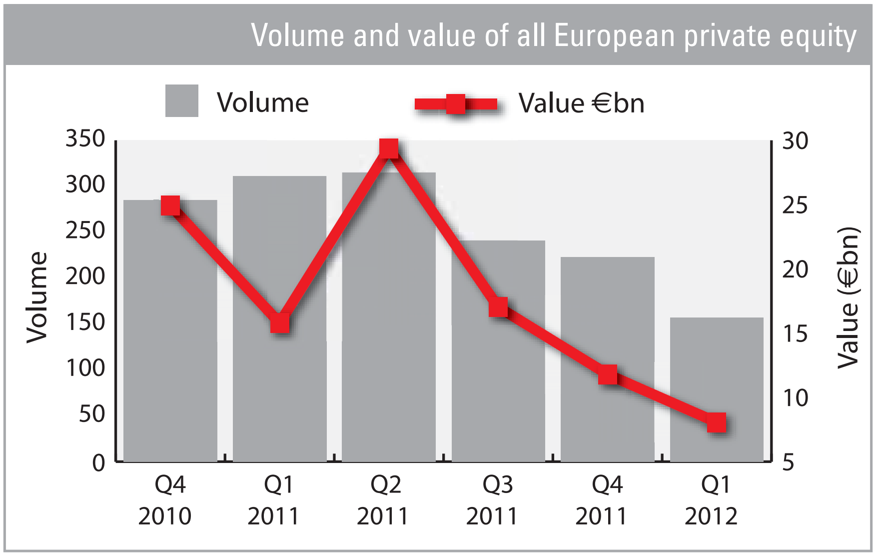
EUROPEAN PRIVATE equity activity was sharply down in the first quarter of 2012, with only 157 deals worth €8.1bn recorded, compared to 223 deals worth a total of €11.8bn from the previous three months. The slump was primarily due to a further drop in buyout activity, which continued to fall with just 72 deals worth €6.7bn seen in Q1.

The decline has been particularly notable across the very top end of the buyout spectrum, which recorded just one deal. This took place in the Nordics region, to which the latest *unquote" Private Equity Barometer* devotes its usual quarterly focus. Eurozone uncertainty and leverage constraints are evidently continuing to adversely affect the market.

Growth capital and early-stage also failed to see any significant positive trends. Capital expansion deals declined by a third this quarter to just 63 deals, but their value rose for the first time since Q2 2011, jumping 21% from €955m to €1.6bn. Early-stage plummeted on both counts, however, with only 22 transactions worth €177m. In both deal categories, two large deals accounted for a little less than 50% of activity, revealing attractive deal flows.

The outlook is unlikely to change any time soon. According to John Arney, managing partner at Arle Capital Partners, "Arle remains of the view that the near-term outlook is for more of the same. It's only from the second half of 2012 onwards that the outlook will become slightly more optimistic. Even then we're not expecting a big bounce back, but rather a long, gradual recovery in Europe." ■

Download the full *unquote" Private Equity Barometer Q1 2012* at *unquote.com/2166392*



Source: *unquote" data*

VENTURE, CORPORATES AND GOVERNMENTS

Government agencies and corporates are increasingly active in venture – but they should push further for European VC, argues Olivier Marty

GOVERNMENT AGENCIES and corporates are both getting more involved in European venture, according to recent statistics (*see graph below*). Between 2007 and 2011, the proportion of government agencies' contribution to venture funds increased six-fold, going up from 9% to a staggering 54%. This is likely a result of the exodus of former backers; both insurance companies and banks are fleeing the asset class due to venture's historically poor returns and their own regulatory constraints. On the other hand, pension funds have been facing market downturns and reduced their assets under management, while individual investors have increased precautionary savings in defence of changes to tax cuts on venture schemes.

Public and private investors still need to tailor their cooperation in venture

The debate on the need for public investors' involvement is thus unlikely to end soon. On the plus side, public money has become a necessity in the current economic climate, not just to react to a lack of alternative funding, but also to act as a momentum driver for some funds. Also, the experience of public investment teams is generally recognised both at the national and European levels.

"Though public finance in venture is necessary, the state must not be directly involved," argues Pierre de Fouquet, managing partner of Iris Capital Management and former president of AFIC, whose firm manages a new corporate venture scheme (OP Venture) created by Orange and Publicis. Also, the length of public investment in venture must be well targeted, and may benefit from conditionality. Investment impact studies, as well as differentiated returns schemes for public and private investors, should be promoted, according to an experienced investor in a public body.

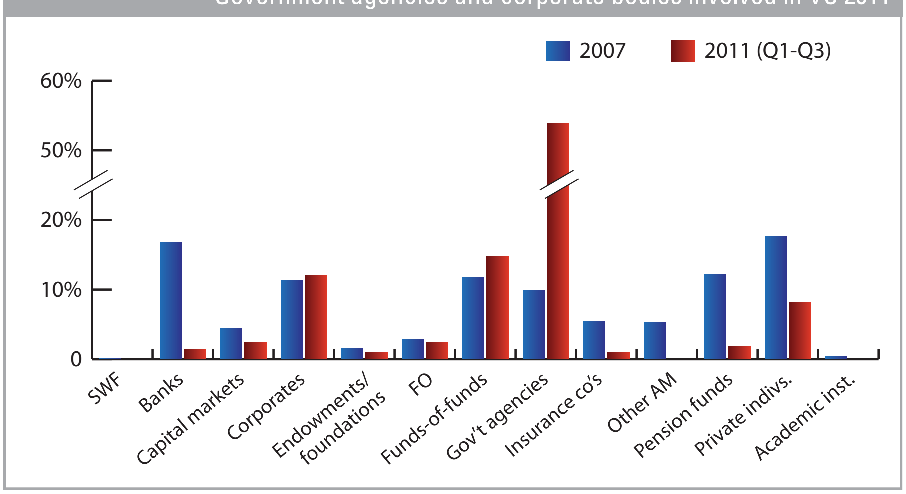
In lieu of competition, one of the keys to success is the appropriate mixing of public support with private funding and involvement, a sentiment increasingly shared by those present at the AFIC conference held in Paris recently. "But the plurality of investors involved remains essential," says de Fouquet, who argues that this was noted in countries with buoyant venture markets, such as the US and Israel.

Corporates are serious about venture

In this regard, the fact corporate venturing is making a comeback throughout Europe and now stands at around 12% of commitments is to be welcomed. The latest Iris Capital OP Ventures, ST Microelectronics, and Atos Origins initiatives all illustrate the variety of this type of corporate transactions, and a rise in joint corporate investment has been noted. The balance between the main strategic intelligence and return objectives will continue to depend on sectors, however.

The common rise of public and corporate investments then turns the spotlight on the

Government agencies and corporate bodies involved in VC 2011



Source: EIF based on data from EVCA

need to bridge the gap between research and early-stage deals as well as on the recent initiatives taken to enhance the depth of the European venture market.

What remains to be done in Europe?

For one, intensifying links between "corporates' research centres, SME's and universities is essential", argues de Fouquet, as is facilitating technology transfer more broadly. Promoting R&D investments and protecting intellectual property are linked to this objective and would also help venture. Creating platforms of proof of concept so as to facilitate IP is an idea suggested in the current debate.

It is also in the interest of public agencies and corporates alike to facilitate the further integration of the European VC market. The European Angels Fund, created last January by the EIF (*see "Public Involvement in Private Equity Key to Activity", unquote" Analysis, April, page 18*), to help business angels co-invest was one of the initiatives taken.

But to further the industry, venture "must also be considered separately from private equity in European regulation," argues de Fouquet, who is wary on the outcome of the European Venture Capital Fund label, the new European "venture passport," and its articulation with the AIFM Directive. A common, simplified corporate legal status is another idea that could help venture.

Working on the development of a stronger private institutional investor base, the channelling of individual savings in venture schemes, the creation of a common venture fund structure, and the fostering of experience of European venture capitalists are all long-term objectives. In the meantime, Europe should be proud of its assets (breadth of university and research clusters; leading companies in the life science, electronics and communication sectors; experienced public and private GPs) and have all players interested in venture capital's success at responding proactively and pragmatically to the markets' and economies' constraints. ■

"The plurality of investors involved remains essential"

Pierre de Fouquet,
Iris Capital

Falling activity belies venture successes

ALTHOUGH EUROPEAN venture capital activity decreased by 12% to €974m last year (*see graph*), 2011 saw a number of sizeable fund closes as well as strong exits, indicating fresh appetite for the asset.

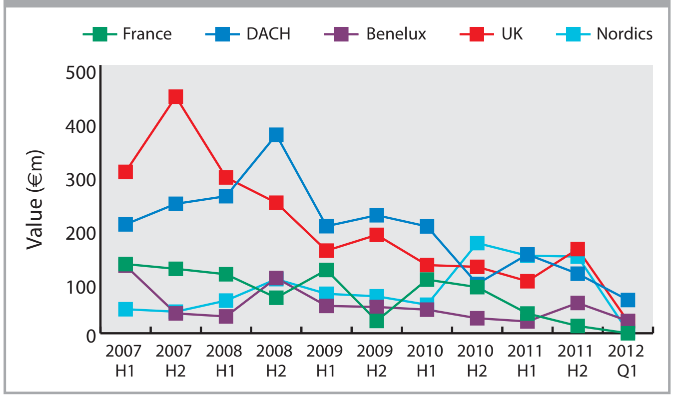
The slump in venture activity has been noted in all regions in 2011, according to *unquote" data*, and was particularly marked in the second half of the year. Preliminary data from EVCA corroborates this finding, as well as some stage differentials; seed capital was negligible while later-stage venture declined most significantly.

On a positive note, the average size of investments continued to increase from its 2009 trough, as steady deal volume saw decreasing deal value. Good news was also reported on the fundraising front over the past year, with close to €3bn added to venture capitalists' war chests, an increase of 36% according to EVCA. Although based on a small number of final closings, the average fund size nearly doubled to €80m since 2010 as only 37 funds captured money. This could mean substantially more firepower for VCs.

Index Ventures' latest €150m fund close illustrates the success some fund managers are having – the vehicle was closed in just four months' time. This is unusual as venture is taking on average 17 months to close, according to EVCA data.

LPs are attracted by exits. While they have continued to decline in 2011, trade sales were up and write-offs declined. IPOs rebounded as well, as illustrated by Sofinova's DBV Technologies flotation, raising €40.5m. It remains to be seen, however, whether this helps confirm the rise of IPOs seen on the overall market and boost the historically poor returns of venture, which have been negative, on average, since 2002. ■

Early-stage values 2007-2012 Q1



Source: *unquote" data*

Heads of Texan and Chinese LPs quit

SENIOR EXECUTIVES from the Teacher Retirement System of Texas (TRS) and the China Investment Corporation (CIC) are leaving their positions.

Steven LeBlanc, head of private market investments, TRS

Steven LeBlanc, head of private market investments at TRS, will step down from his position in June and return to the private sector.

LeBlanc joined the fund in 2008 and was previously active in the real estate industry.

While at TRS, he developed the fund's strategy in relation to private equity, real estate, energy and principal investments. He established an investment process referred to as "the Texas Way" – establishing a list of top-performing GPs to which TRS would exclusively commit – and formed investment relationships and strategic partnerships.

LeBlanc notably played a role in the $6bn commitment to funds managed by Apollo Global Management and Kohlberg Kravis Roberts (KKR) last year. In total, LeBlanc and his team have deployed $20bn in 90 investments during the last four years.

According to a statement from TRS, LeBlanc will "return to private life and the creation of new companies."

Lau to leave CIC

CIC's European head of private equity, Collin Lau, has resigned after only four months in office.

Lau decided not to renew his three-year-contract with the Chinese sovereign wealth fund because of "personal and family reasons", according to the *Wall Street Journal*.

His resignation follows the departure of his replacement as head of CIC's real estate business, Patrick Wu, after two months in office.

Lau entered the fund as global head of real estate in February 2009 before joining the private equity arm last December. He previously led the Asian private equity platform at Starr International Group and was Baring Private Equity Partners Asia's chief financial officer in Hong Kong.

Ex-PAI key man joins CVC

CVC CAPITAL PARTNERS has hired Bertrand Meunier, PAI partners's former partner committee chairman, as managing partner and member of its private equity board.

Meunier will be based in London. His responsibilities will include leading the firm's global consumer goods activities, as well as overseeing CVC's development in France.

Meunier and then-chief executive Dominique Megret left PAI partners in 2009, following a dispute with other partners. The move triggered a key-man clause in the €5bn PAI Europe V vehicle, a 2007 vintage that was, at the time, the largest fund raised in Europe. Following months-long negotiations, PAI received LP approval to halve the fund to €2.7bn, restarting the investment process.

Meunier and Megret then founded M&M Capital, a private partnership in which Meunier was managing partner. Earlier this year, they were said to be looking at raising a €1bn fund, in direct competition with PAI, which is aiming to start raising a €3bn vehicle this year.

Commenting on Meunier's appointment, Rolly Van Rappard, co-head of global investments for CVC, said: "Bertrand brings 30 years of expertise, experience and leadership in the private equity industry to CVC and we are very much looking forward to working with him to further develop our consumer goods expertise, as well as our development in France where Bertrand has excelled in the past."

GCP names Shaw as new investment manager

GROWTH CAPITAL PARTNERS (GCP) has appointed Richard Shaw as investment manager.

Richard Shaw, GCP, investment manager

Shaw joins from Clearwater Corporate Finance. Prior to this, he worked at Grant Thornton Corporate Finance in Manchester.

He will provide additional transactional resources as GCP begins to deploy its new £160m Fund III.

Ex-Barcelona chair to Mangrove

MARC INGLA has joined Luxembourg-based venture capital firm Mangrove Capital Partners as a partner.

Ingla served until recently as vice-chairman of Spanish football club FC Barcelona. He is also an investor and adviser to start-ups in the internet and mobile industries.

In the last 10 years, Ingla has acted as a business angel, often working with venture capital firms, and has been involved with more than 20 companies, including Forecastis, Privalia, Siine and Wuaki.tv.

Carlyle MD new BVCA chairman

Robert Easton, chairman, BVCA

ROBERT EASTON has taken over as chairman of the British Venture Capital Association, replacing Amadeus's Richard Anton.

Easton is managing director and co-head of Carlyle Europe Technology Partners, a team that focuses on European growth capital and buyout transactions in a variety of sectors including media, software, telecommunications, aerospace, healthcare and technology. He joined the firm in 2000.

Commenting on his appointment, Easton said: "I am honoured to be taking on the role of BVCA chair at such an exciting and challenging time for the UK economy. It's my belief the private equity industry, through the BVCA, can play a key role in providing investment opportunities for entrepreneurship and providing continuous commitment to creating sustainable value in small- and medium-sized businesses across the UK and beyond.

"Given the importance of economic growth in the current climate, I'm also convinced that the BVCA's membership can contribute significantly through investment in UK businesses."

Simon Clark, managing partner of Fidelity Growth Partners, is now vice-chairman.

Mack the Knife switches to KKR

KOHLBERG KRAVIS ROBERTS (KKR) has hired John Mack as a senior adviser, joining its team of 12 top professionals.

Mack will serve on the team which advises KKR on investments and sits on the boards of portfolio companies.

He was chief executive of Morgan Stanley between 2005 and 2010 and saw the bank through the financial crisis, overseeing its conversion to a commercial bank so it could access emergency funds from the Federal Reserve. He earned the nickname "Mack the Knife" for his tough cost-cutting policy he maintained during this role.

Mack also served in an earlier stint at Morgan Stanley, joining in the 1970s as a bond salesman and becoming president in 1993, before leaving the firm in 2001.

Darby names new Warsaw office boss

DARBY PRIVATE EQUITY has appointed Arkadiusz (Arek) Podziewski principal and new head of its Warsaw office.

Podziewski was previously a partner at Innova Capital, where he spent nine years working with buyout and growth capital investments. He was as management consultant for BCG, Warsaw, and The Monitor Company, London. He has an MA in Marketing from the University of Gdańsk.

Montagu strengthens Parisian office

MONTAGU PRIVATE EQUITY has hired Antoine de Peguilhan as investment director and Adrien Sassi as an analyst for its Paris office.

De Peguilhan joins from Cognetas, where he started as an associate in 2008 and became an investment manager in 2010. Before that he was an associate at Goldman Sachs, Paris.

Sassi, 25, joins Montagu after leaving his first private equity position at Cinven.

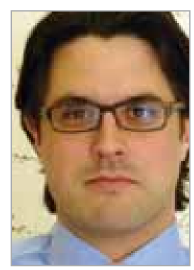
Alvarez & Marsal expands French team

Olivier Dubois, managing director, Alvarez & Marsal

ALVAREZ & Marsal (A&M) has appointed Olivier Dubois as its Paris-based managing director. The firm has also hired Tarek Hosni as managing director of its Paris office.

Dubois joins from container shipping company CMA-CGM, where he was the CFO.

Nova Capital partner moves to FF&P



Llewellyn John, investment director, FF&P

LLEWELLYN JOHN has joined Fleming Family & Partners (FF&P) as investment director.

John joins from Nova Capital Management where he was associate partner, having started at the firm in 2006.

From 1999 to 2006, John worked at Deloitte, ending his time there as an assistant director within the corporate finance department.

Two new advisers for Advent Nordic team

ADVENT INTERNATIONAL has hired two new independent advisers in Norway: Birger Nergaard and Gunnar Rydning.

Nergaard and Rydning have over 25 years' experience of investing in Nordic technology companies.

New members boost Marlborough team

Rodolphe Roch, transaction director, Marlborough Partners

MARLBOROUGH PARTNERS has hired Rodolphe Roch as a transaction director and JP Davidson as an analyst.

Roch joins from North Sea Partners, an independent investment banking firm where he advised on high-yield bonds and leverage debt financings, restructurings and private placements. He also co-founded the firm's London office in 2009.

Meanwhile, Davidson joins from PricewaterhouseCoopers, where he worked as a senior associate in the banking and capital markets team.

CVC installs Hickey as partner and chief risk officer

CVC CREDIT PARTNERS has hired Stephen Hickey as partner, chief risk officer and member of the management committee.

Hickey will be assuming the role of chair of the global portfolio committee from CVC's New York office.

Hickey joins from Goldman Sachs, where he had been a partner since 2004. During his time at Goldman Sachs he served as global head of leverage finance; co-head of global loans; a member of the firm-wide risk and capital committees; and the head of loan sales and secondary trading.

CVC Credit Partners invests in sub-investment-grade debt across Europe and the US.

Private equity team leaders latest to leave Dewey & LeBoeuf

THE HEADS of Dewey & LeBoeuf's private equity team are to leave for rival firm McDermott Will & Emery after only a year in office.

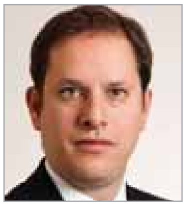
Mark Davis and Russell Van Praagh were jointly appointed in May 2011 to launch a private equity practice at the law firm, leaving senior positions at Taylor Wessing.

With clients including The Carlyle Group and Oakley Capital, the duo will move to McDermott's London office after serving a two-month notice period at Dewey.

McDermott is also believed to be in talks to take on the remainder of the London private equity team, which includes nine associates.

The pair's move to a rival firm is the latest in a spate of departures from Dewey, on which almost 20 rival firms have capitalised. The *Wall Street Journal* has reported that about 70 partners have left the firm. The latest exits include Los Angeles partner David Smith joining Stradling Yocca Carlson & Rauth and corporate finance partner Richard Spitzer leaving for Mayer Brown.

Senior appointments in Nova Capital Management US and London offices



Jonathan Seal, associate partner, Nova Capital Management

NOVA CAPITAL MANAGEMENT has appointed a new operating partner, Jan Kreminski, and an associate partner, Jonathan Seal.

Kreminski will be based in the US where he will oversee funds concentrating on US industrial businesses. He has worked in senior positions at Nova portfolio companies over the past seven years and has managed industrial groups including ABB and Alstrom.

Seal will focus on sourcing acquisition opportunities in London. Initially a lawyer, he moved into private equity in 2007 when he was founding member of the Rapid Realisations Fund, an AIM-listed growth capital and pre-IPO fund. He worked with Nova on its acquisition of Parseq.

Deutsche Bank's Cohrs named EQT adviser

EQT PARTNERS has appointed ex-Deutsche Bank board member Michael Cohrs as an adviser.

Cohrs will advise EQT on its investments, with a particular focus on credit and the financial sector. He is currently a member of the interim Financial Policy Committee of the Bank of England.

Cohrs worked for close to 15 years at Deutsche Bank as a member of the management board and the group's executive committee, and co-head of corporate and investment banking. He left in 2010.

Previously, Cohrs spent 10 years at Goldman Sachs in New York and London, from 1981 to 1991. He then worked at SG Warburg in London from 1991 to 1995, before joining Deutsche Bank.

In March, *unquote"* reported that the current chief executive of Deutsche Bank, Josef Ackermann, will also take on an advisory role with EQT this year.

HgCapital promotes one, recruits seven…

HGCAPITAL HAS announced the promotion of Kai Romberg to partner at the firm and made seven new hires at the associate level.

Romberg joined the European private equity house in 2004 as an associate and has since been involved in several profitable investments for the firm.

The company has also announced the hire of seven new associates: Hector Guinness joins the TMT team from Bain Capital alongside Carlo Pohlhausen, who leaves his role at McKinsey & Company.

Benedikt Kupczyk-Joeris leaves his position in the investment banking division of Bank of America to join HgCapital's industrials team, while Paolo Mantero leaves Italian private equity fund Investitori Associati for a position in the portfolio management team.

Annabelle Pluquet joins the healthcare team from JP Morgan, and Allister Sykes will join the renewable energy team with more than four years of transaction, tax and private equity experience.

Finally, Benedikt Von Schoeler leaves Altium Capital for a position in HgCapital's portfolio management team.

The new recruits will be based in both London and Munich. HgCapital manages more than £3bn in capital commitments.

…and loses one

Mid-cap private equity house HIG Europe has hired ex-HgCapital director Carl Harring as managing director for its London office.

Carl Harring, managing director, HIG Europe

Harring was previously a director at HgCapital, which he joined in 2010. Prior to this he worked for nine years at Apax Partners, and at Marakon as a strategy consultant.

HIG Europe's team now comprises 45 investment professionals operating out of the UK, Germany, France and Spain.

Ambienta announces new hires and international expansion

ITALIAN PRIVATE equity firm Ambienta SGR has announced the expansion of its business to Munich to capitalise on investment opportunities in Germany and Central and Northern Europe.

The new office will help complete the investment of its Ambienta I vehicle, which contains €217.5m and has so far completed eight investments in energy efficiency, pollution reduction, recycling and resource management. Approximately €55m remains available.

The environmentally focused private equity firm cites similarities between the Italian and German market – including the importance of a local presence – as the reason behind its expansion.

German and Italian appointments

Rudolf Ohnesorge has been appointed investment partner in Ambienta's new Munich office and will be the adviser for Germany, Austria, Switzerland and the Nordics. He joins from Siemens Financial Service, where he was a managing partner of the growth capital portfolio for the technology investment division.

The Milan team has appointed Stefano Bacci as partner and Dario Duse as operating partner.

Guido Rivolta has resigned from his position on Ambienta's board of directors, but will remain on the advisory board and as an investor in the fund. He will be replaced by Fabio Ranghino, who was previously a strategy consultant at Value Partners Management Consulting.

Italian ex-minister to be Advanced Capital adviser

EUROPEAN FUND-OF-FUNDS Advanced Capital has hired Alberto Clô as special adviser for investment in the energy sector.

Clô previously held the position of minister of industry and foreign trade in the Italian government and chaired the council of the EU's ministers of industry and energy in 1996. He holds the professorship of applied economics at the University of Bologna, is chief editor of *Energia* magazine and director of several large infrastructure firms.

The new hire follows the recent launch of Advanced Capital Energy Fund, an energy fund-of-funds, and reflects the firm's shifting investment strategy towards certain target sectors.

Arle Capital grabs ex-3i director

ARLE CAPITAL PARTNERS has hired Roumyana Boshnakova and Senka Jeremic as investment managers.

Boshnakova joins from 3i, where she was an associate director, while Jeremic joins from Bank of America Merrill Lynch (BoAML).

Boshnakova spent six years with 3i, primarily in Germany. Prior to this she worked at Deloitte in Düsseldorf.

At BoAML, Senka worked closely with members of Arle's teams on several investments, including the exit from Norwegian cable operator Get.

Investindustrial nears €1.25bn hard-cap

Southern European GP Investindustrial is in the final stretch of raising its fifth fund, with more than €1bn already committed. Kimberly Romaine reports

INVESTINDUSTRIAL HAS wooed investors to the tune of €1.25bn, a respectable 25% increase on its previous vehicle, according to sources familiar with the situation. PPMs were sent out in November.

Fund V is said to have had the support of all Investindustrial's major existing investors, which include Adveq, ATP, New York Life Insurance Company, Princeton University, Adams Street Partners, AlpInvest, AXA Private Equity and HarbourVest, according to *unquote" data*. Some smaller investors are not re-upping, including Wilshire.

Investindustrial commits around 10% to its funds, far more than most firms. It has decreased its management fee for this vehicle from 2% to 1.75%.

The impressive performance of the GP of late will also have helped convince investors. In April the firm sold Ducati to Audi for €860m, which gave it close to 3x money. Last year it sold Italian architectural and engineering business Permasteelisa to Japanese industrial buyer JS Group for €573m, corresponding to an IRR of 73% (3x money) for the backers. In December 2010, Investindustrial reaped a 3.6x multiple when it sold Italmatch Chemicals to a Chinese investor.

The firm has not purely focused on exits, though: last year, it made three new investments, making it one of just four private equity houses in Europe to close more than one buyout, according to *unquote" data*.

Fund V, like Fund IV, will have around 40 LPs. The previous fund saw 65% of commitments come from Europe, with 25% from the US and the remaining 10% from Asian LPs.

Funds-of-funds represented just less than 33% of the LP base.

According to *unquote" data*, investors are international rather than local in nature, indicating Investindustrial has been focusing its marketing efforts internationally.

Fund IV closed on €1bn in early 2008. With 75% invested in nine businesses, it is likely to make one more investment.

Investindustrial was founded in 1990 and has a team of more than 50 people.

The source suggested a lack of local talent could help prospects for Investindustrial: "The Southern European market is less penetrated and therefore less competitive, unlike the Nordics, where a lot of groups out raising will make it very competitive. Southern Europe should be very attractive for the next vintage."

Investindustrial declined to comment. ■

Orlando's SSVP III closes on €231m

ORLANDO MANAGEMENT has announced the final close of its latest fund, Special Situation Venture Partners III (SSVP III), on €231m, €31m over target.

According to the GP, the Munich-based fund was oversubscribed but it closed short of its €250m hard cap.

Since its launch in August 2011, the fund has bought Hamburg-based Körber's Paper Systems division for an undisclosed price.

The fund has around 10 LPs, 65% of which are institutional investors. The main investor is Liechtenstein's LGT Group; 75% of investors have also invested in Orlando's previous funds, SSVP I and SSVP II.

Most investors come from Europe's German speaking region, contributing to the 80% share of European investors, next to 10% US-based and 10% Middle East-based investors.

The fund will focus on acquiring DACH-based, mid-sized industrial companies with revenues of up to €500m, or enterprise values of €10-100m, that are underperforming or in balance sheet distress. It plans to make 10-15 deals with an average equity ticket of €10-20m.

Orlando's previous vehicle, Special Situations Venture Partners II (SSVP II), closed in December 2006 with commitments totalling €255m.

SSVP III	
Fund target	€200m
Announced	August 2011
Closed on	€231m, March 2012
Focus	DACH mid-market buyouts
Fund manager	Dr Henrik Fastrich, Georg Madersbacher

Dr Henrik Fastrich and Georg Madersbacher are founding partners at Orlando Management.

MVision Private Equity Advisers acted as the global placement agent for SSVP III, while SJ Berwin partners Sonya Pauls and Christian Schatz were the legal advisers.

Equistone fund hits €1bn fourth close

Equistone Partners Europe Fund IV	
Fund target	€1.5bn
Announced	November 2011
Closed on	€1bn (est), fourth close
Focus	Generalist
Fund manager	Equistone

EQUISTONE PARTNERS Europe Fund IV has held a fourth close at around €1bn.

Investments from the fund will range from €50m to €300m.

Equistone Partners Europe Fund IV held a first close at around €500m in November 2011, when it span out from Barclays Bank.

Equistone Partners manages two other funds in the same value range as Fund IV: Equistone Partners Europe Fund II, which launched in 2005 and closed on €1.65bn; and Equistone Partners Europe Fund III, which closed on €2.4bn and was formed in 2007.

Searchlight closes first fund at $860m

Searchlight Capital	
Closed on	$860m
Focus	North America and Europe
Fund manager	Searchlight Capital Partners

SEARCHLIGHT CAPITAL Partners has closed its first fund at $860m.

Searchlight was founded in 2010 by Erol Uzumeri, Oliver Haarmann and Eric Zinterhofer.

Uzumeri previously led the global private equity business at Ontario Teachers Pension Plan, while Haarmann was a partner at KKR's London office, and Zinterhofer was co-head of media and telecommunications at Apollo Management.

The first investment from the fund was made in Hunter Boots in January this year.

The fund will invest in equity and debt, providing long-term capital as well as strategic and operational support to companies in North America and Europe. It will pursue both controlling and non-controlling investments.

Morgan Stanley AIP raises $1.3bn

Private Market Fund V	
Fund target	$1.25bn
Closed on	$1.3bn
Focus	Global, buyout, venture, special situations
Fund manager	Morgan Stanley Alternative Investment Partners

MORGAN STANLEY Alternative Investment Partners has secured $1.3bn in commitments for two of its funds.

Private Market Fund V (PMF V) secured commitments worth $720m, while other separate accounts, with similar investment focuses, raised $580m. The fundraising round exceeded the initial target of $1.25bn.

PMF V will be used for global investments in Western Europe, the US and emerging private equity markets. It will target buyout, venture and special situations opportunities.

Thomas Dorr is CIO and head of AIP Private Equity Fund-of-Funds team.

Earlybird closes $100m fourth fund

Earlybird 2012 Fund	
Fund target	$200m
Closed on	$100m
Focus	Internet and technology
Fund manager	Earlybird Venture Capital

EARLYBIRD VENTURE Capital has held the first close of its fourth venture fund on $100m. The new venture fund will make investments in technology as well as consumer and enterprise internet businesses, with a particular focus on German-speaking countries. It has a $200m target.

Earlybird focuses on early-stage and expansion investments of €1-15m in mobile services, information technology, communications and healthcare.

New investors have joined previous investors in Earlybird funds, including institutions and family offices in Europe and Asia.

The fund will make early-stage investments in disruptive consumer and enterprise internet and technology companies. While the firm will retain a European focus, particular emphasis will be placed on German-speaking countries.

Hendrik Brandis is managing partner at Earlybird.

Notion Capital holds $100m first close

Notion Capital Fund 2	
Fund target	$150m
Closed on	$100m (first close)
Focus	Early-stage, technology
Fund manager	Notion Capital

NOTION CAPITAL has announced a $100m first close for Notion Capital Fund 2, its second fund focused on emerging cloud computing and software-as-a-service (SaaS) companies in the UK and Europe. It is expecting to hold a $150m final close in the next few months.

The GP has invested almost $50m from its first vehicle in 10 companies, which include Brightpearl, eSellerPro, NewVoiceMedia, Star and Tradeshift.

Notion Capital Fund 2 is backed by the UK government's Enterprise Capital Fund and the European Investment Fund.

Stephen Chandler is a managing partner and co-founder at Notion Capital.

Notion Capital will invest in early-stage, European cloud computing and software-as-a-service (SaaS) companies.

Innovacom seed fund Technocom 2 closes on €30m

Technocom 2	
Fund	€30m
Announced	April 2012
Closed on	€30m
Focus	Digital technology, IT, telecommunications, France
Fund manager	Innovacom

SEED FUND Technocom 2 has held a final close on €30m, after receiving a €18.7m commitment from Fonds National d'Amorçage (FNA).

The fund will be managed by Innovacom, the venture arm of telecommunications operator Orange.

The fund's investor base is comprised of the French government through the FNA – managed by CDC Enterprises – and various corporates. The latter include Alcatel-Lucent, Orange, Groupe SEB and Soitec. FNA committed €18.7m to the fund.

The fund will target French tech start-ups, particularly in the field of digital technology, IT and telecoms. The investments will vary in value, but it is expected that around 15 investments will be made from the fund.

Technocom 2 has five priority subsectors: materials and components, embedded software systems, machine-to-machine and machine-to-user communication, data management and high-speed broadband connectivity.

Each investor group will be represented in the fund's strategic committee, in addition to the research department of the Sorbonne Paris Cité.

CIC Mezzanine holds €63m first close

CIC Mezzanine 3	
Fund	€120m
Announced	January 2012
Closed on	€63m (first close)
Focus	Mezzanine, France
Fund manager	CIC Mezzanine Gestion

CIC Mezzanine Gestion has held a €63m first close on its third mezzanine fund, three months after launch.

The management company is aiming to raise an overall €120m for CIC Mezzanine 3. Its previous vehicle, CIC Mezzanine 2, closed on €108m in 2009 and has so far made 19 investments.

SJ Berwin, represented by Arnaud David and Sylvie Vansteenkiste, is acting as legal adviser to the fund.

CIC Mezzanine's funds are sponsored by French bank CM-CIC, but are also open to third-party investors. CIC Mezzanine 2 for instance was funded at 37% by CM-CIC, with the remainder provided by a mix of institutional investors, private investors and funds-of-funds.

Should CIC Mezzanine 3 close on its €120m target, CM-CIC would contribute to around a one-third of total commitments. The majority of investors are France-based.

CIC Mezzanine is aiming to provide mezzanine funding in the €3-20m range to French SMEs, without any sectorial preference. It mainly acts as a mezzanine arranger in a variety of transaction types, including LBOs of businesses valued in the €20-150m range.

CIC Mezzanine 3 will aim to complete 20-25 investments across its lifetime.

CIC Mezzanine's five-strong team is headed by president François Petit.

WestBridge closes £30m SME fund

WestBridge SME Fund	
Fund	£30m
Announced	2010
Closed on	£30m, April 2012
Focus	UK-based SMEs
Fund manager	WestBridge Capital

WESTBRIDGE CAPITAL has closed the WestBridge SME Fund on its £30m target after two years of fundraising.

The fund has already invested in the MBOs of Kallidus, Aero Stanrew and Energist Group.

The fund's investor base consists of both private high-net worth investors and institutional investors. The latter includes South Yorkshire Pension Fund and the European Union's "competitiveness and innovation framework programme," managed by the European Investment Fund.

The fund will invest £1-8m in UK-based SMEs with an enterprise value of up to £15m. The range of transactions it will undertake includes MBOs, development capital, acquisition capital, buy-and-builds, replacement capital and institutional purchases.

Fundraising was led by partner and chairman James Wakefield, managing partner Guy Davies, partner Valerie Kendall and partner Sandy Smart.

pan-European deals index

SECTOR	COMPANY	TYPE	EQUITY LEAD	COUNTRY	VALUE
CONSUMER	StarBev	Trade sale	CVC Capital Partners	Czech Republic	€2.65bn
	Ducati Motor Holding	Trade sale	Investindustrial	Italy	c€900m est
	Adelie Food Holdings	Trade sale	Duke Street	UK	£350m est
	Eveden Group	Trade sale	LDC	UK	£148m
	VIA Travel	Trade sale	FSN Capital	Norway	NOK 1.1bn est
	College of Law	Buyout	Montagu Private Equity	UK	£100-200m
	Audley Travel	Buyout	Equistone Partners	UK	£50-100m
	GAME	Turnaround	OpCapita	UK	c£50m est
	LM Funerals	SBO	Duke Street	UK	£37.5m
	internetstores	Expansion	EQT	Germany	€30m
	Everest	Turnaround	Better Capital	UK	£25m
	Jaeger Group	Buyout	Better Capital	UK	£19.5m
	Cranswick Pet Products	Trade sale	LDC	UK	£18m
	Garrets International	Buyout	Greenhill Capital Partners	UK	£17m est
	Loungers	Expansion	Piper Private Equity	UK	£16m
	Happy Days	Replacement capital	ISIS Equity Partners	UK	£3.7m
	Gear4music.com	Buyout	Key Capital Partners	UK	£3.4m
	Barburrito	Expansion	BGF	UK	£3.25m
	Plumbee	Expansion	Idinvest Partners	UK	$2.8m
	Société Financière JF3H	Expansion	Entrepreneur Venture	France	€1.5m est
	Zalando	Expansion	DST Global *et al.*	Germany	<€100m
	Enrico	Buyout	Karmijn Kapitaal	Netherlands	<€10m
	Zutux	Expansion	YFM Equity Partners	UK	£950,000
	Materiel-Velo	Expansion	SGCP	France	€800,000
	Deskidea	Expansion	Caixa Capital Risc *et al.*	Spain	€350,000
	Vita Liberata	Expansion	Broadlake Capital	Ireland	n/d
	GAME Iberia	Turnaround	OpCapita	Spain	n/d
	Pamfood	Buyout	Assietta Private Equity	Italy	n/d
	Bodegas Lan	Trade sale	Mercapital	Portugal	n/d
	Jede UK	Buyout	Broadlake Capital	UK	n/d
FINANCIALS	IFG international division	Buyout	AnaCap	Ireland	€84m
	Data Explorers	Trade sale	Bowmark Capital	UK	n/d
HEALTHCARE	DBV Technologies	IPO	Sofinnova Partners	France	€120m
	ADC Therapeutics	Early-stage	Celtic Therapeutics	Switzerland	$50m
	Promethera Biosciences	Early-stage	Sambrinvest *et al.*	Belgium	€23.6m
	Enterome	Early-stage	Seventure Partners *et al.*	France	€5m
	Cytos Biotechnology	Expansion	venBio *et al.*	Switzerland	CHF 37m
	Phoenix Learning and Care	MBO	Ashridge Capital	UK	£3.5m
	LNC	Early-stage	Seventure Partners *et al.*	France	€3.5m
	Biofortuna	Expansion	Foresight	UK	£2.1m
	Denator	Expansion	Novo Seeds *et al.*	Sweden	SEK 25.5m
	Oncgnostics	Early-stage	HTGF *et al.*	Germany	€600,000
	Communicare	Acquisition finance	August Equity	UK	<£10m
	MYR	Early-stage	HTGF	Germany	n/d
INDUSTRIALS	Agora Oil and Gas	Trade sale	RIT Capital Partners	Norway	$450m
	SPT Group	Trade sale	Altor Equity Partners, Cubera Private Equity	Norway	€350m est
	Airline Services	MBO	LDC	UK	£30m est
	Brand Addition	Buyout	HIG Europe	UK	£24m
	Nordic Tankers	MBO	Triton	Denmark	$30m
	United Oilfield Services	Expansion	Enterprise Investors	Poland	$28m

pan-European deals index

SECTOR	COMPANY	TYPE	EQUITY LEAD	COUNTRY	VALUE
INDUSTRIALS	Seven Technologies	Expansion	YFM Equity Partners	UK	£6.6m
	NovoPolymers	Expansion	Gimv	Netherlands	€5.4m
	ASK	Expansion	CDC Innovation *et al.*	France	€4.7m
	Milimega	Trade sale	Percipient Capital	UK	18x, 50% IRR
	Jet Metal Technologies	Expansion	Sofimac *et al.*	France	€2.5m
	Pack'Aéro	Expansion	Entrepreneur Venture	France	€2m
	Sovitec	SBO	Gilde	Belgium	<€50m
	ACTech	SBO	Cornerstone Capital *et al.*	Germany	<€30m
	ACB	MBI	Europe et Croissance *et al.*	Belgium	<€25m
	Cat Tech International	MBO	Maven Capital Partners	UK	<£10m
	Clarus Films	MBO	Pinova Capital	Germany	n/d
	Paper Systems	Buyout	Orlando Management	Germany	n/d
	Leybold Optics	Trade sale	EQT	Germany	n/d
	SAR AS	Buyout	Stirling Square	Norway	n/d
MEDIA	myThings	Expansion	Iris Capital	UK	$15m
	Cyber Group Studios	Expansion	Idinvest Partners *et al.*	France	$5m
	Dog Digital	Expansion	Panoramic Growth Equity	UK	£1m
	Réponse à Tout!	Acquisition finance	OpenGate Capital	France	n/d
SERVICES	Anticimex	SBO	EQT	Sweden	SEK 2.9bn
	GL Education Group	SBO	Investcorp	UK	<£50m
	Brandwatch	Expansion	Nauta Capital	UK	€4.6m
	Arvia Technology	Expansion	MTI Partners *et al.*	UK	£3.8m
	Novapost	Expansion	Alven Capital *et al.*	France	€1.5m
	TD Travel	MBO	LDC	UK	<£25m
	echo	MBO	Catapult Venture	UK	<£10m
	Volumatic Limited	MBO	NVM Private Equity	UK	<£10m
TECHNOLOGY	NDS	Trade sale	Permira	UK	$5bn
	Mysis	Take-private	Vista Equity Partners	UK	£1.27bn
	Viadeo	Expansion	FSI *et al.*	France	€24m
	Hailo	Expansion	Accel Partners	UK	$17m
	Eptica	Expansion	Auriga *et al.*	France	€7m
	E-Blink	Expansion	CDC Entreprises *et al.*	France	€7m
	Intrinsic-ID	Expansion	RBVC	Netherlands	€5m
	Clavister	Expansion	Industrifonden *et al.*	Sweden	SEK 40m
	Mobiles Republic	Expansion	Xange Private Equity	France	€2.5m
	Amen Internet	Early-stage	Sunstone *et al.*	Germany	$2.9m
	flaregames	Early-stage	T-Ventures	Germany	€2m
	KnowledgeMill	Expansion	YFM, MMC Ventures	UK	£1.5m
	NicePeopleatWork	Early-stage	Axon Capital	Spain	€1m
	Clusterpoint	Expansion	BaltCap	Latvia	€1m
	blueKiwi	Trade sale	Sofinnova Partners	France	<€20m
	eLINIA	Acquisition finance	Lyceum Capital	UK	<£13m
	fruux	Expansion	HTGF	Germany	<€1m
	Idesco	Trade sale	Sentica Partners	Finland	2.5x
	MediaMetrics	Early-stage	HTGF	Germany	€500,000
	ZIM Plant Technology	Early-stage	HTGF	Germany	€500,000
	BonusBox	Expansion	Wellington Partners	Germany	n/d
	Eurofiber	Buyout	Doughty Hanson	Netherlands	n/d
	GameGenetics	Expansion	Target Partners *et al.*	Germany	n/d
	Chiarezza	Buyout	Blackfin Capital	Italy	n/d

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
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
ADM Capital	CEECAT Recovery Fund	UK	€300	1st	€100	Apr-10	Buyout, distressed companies	CEE, Central Asia, Turkey	n/d	+44 207 529 5008
AFINUM Management GmbH	AF Eigenkapitalfonds für deutschen Mittelstand GmbH & Co KG	D	€500	1st	€200	Aug-10	Expansion, small- and mid-cap	D	n/d	+49 89 255 433 01
Alchemy Partners	Special Opportunities Fund II	UK	£500	1st	£280	Aug-10	Buyout, distressed companies	Europe	Ian Cash, Frits Prakke	+44 207 240 9596
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
Argos Soditic	Argos Expansion	F	€120	1st	€45	Jul-10	Mezzanine	Europe	Olivier Bossan	+33 153672050
Aster Capital	Aster II	F	€120-150	FA	n/d	Feb-11	Early-stage – technology	Europe, USA, 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
Axcel	Axcel IV	DEN	€3,200	1st	n/d	Mar-10	Buyout	Nordic	Christian Frigast	+45 333 66 999
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
Boehringer Ingelheim GmbH	Boehringer Ingelheim Venture Fund (BIVF)	D	€100	FA	n/d	Apr-10	Early-stage – healthcare	Europe	Michel Pairet	+49 32 77 8740
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
Carlyle Group	Carlyle Global Financial Services Partners	US	n/d	1st	$1,100	Apr-10	Buyout, expansion	Global	James Burr	+1 202 729 5626
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)	Innvierte	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
Covesco German Seed Fund GmbH & Co KG	German Seed Fund	D	€50	FA	n/d	Apr-10	Early-stage – technology	DACH	n/d	+49 8683 33698 16
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 1	CZ	€20	1st	€11	Nov-10	Early-stage	Europe	n/d	+420 222 317 377
Cross Road Biotech	CRB Bio II	ES	€60	FA	€12	Nov-10	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, USA	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	DACH – internet, technology	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
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 south and east Med)	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

funds raising

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
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
Gamesa	Gamesa Fund	ES	€50	FA	n/d	May-11	Early-stage, expansion – renewable tech	Global	David Mesonero	+34 944 03 73 52
General Motors	General Motors Ventures	US	$100	FA	n/d	Jun-10	Early-stage	US, Europe	Jon Lauckner	+1 313-667-1669
Grupo Inveready	Inveready First Capital I	ES	€5	FA	€3	Oct-10	Early-stage – technology	ES	Ignacio Fonts	+34 93 447 30 63
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
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	FA	<€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 – biotechnology	Europe, US	Mark Wegter, Joep Muijrers and Geraldine O'Keeffe	+31 20 664 55 00
Longbow Capital	Longbow Approved EIS Fund	UK	€10	FA	n/d	Feb-10	Early-stage – healthcare	UK	Edward Rudd	+44 20 7332 0320
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
Meidlinger Partners	Meidlinger Water Investments	US	$100	1st	$15	Dec-09	Early-stage – cleantech, water, energy	Global	Kevin Brophy	+1 215 701 32 99
Midven	Exceed – Midlands Advantage Fund	UK	€18	FA	n/d	Jul-10	Buyout, small- and mid-cap	UK	n/d	+44 121 710 1990
MMC Ventures	The MMC Growth Generation Fund	UK	n/d	FA	n/d	Mar-12	Early-stage, expansion – technology, healthcare, media, growth capital	UK	Rory Stirling	+44 2073610213
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 Nexstage 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
Northzone Ventures	Northzone VI	NOR	€150	1st	€90	Feb-10	Early-stage, expansion	Nordic, Europe	Tellef Thorliefsson	+47 221250 10
Notion Capital	Notion Capital Fund 2	UK	$150	1st	$100	Apr-12	Early-stage – technology	Europe	Stephen Chandler	+44 845 498 9393
Panoramic Growth Equity	Panoramic Enterprise Capital Fund I (PECF I)	UK	£38	1st	£34	Jun-10	Buyout, early-stage	UK	David Wilson	+44 141 331 5100
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, biotechnology	ES	Borja García Nieto	+34 93 2701212
SAM Private Equity and Robeco	Robeco SAM Clean Tech Private Equity III Fund	CH	$500	1st	$200	Jun-10	Fund-of-funds	USA, Western Europe	Francois Vetri	+41 44 653 10 02
SEED Capital Denmark	SEED Capital Denmark II Fund	DEN	DKK 750	1st	DKK 435	Feb-10	Early-stage	Nordic	n/d	+45 88184100
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
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 and life sciences	Nordics, CEE	Jimmy Fussing Nielsen	+45 2012 6000

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