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Rising SBOs: no end in sight?

WITH A whopping 51% of all buyouts being sourced from other private equity houses, according to *unquote* data, 2011 clearly was the year of the SBO in France. This figure trumps the previous year's record high of 37% – gone are the days when SBOs accounted for barely a quarter of deals, as was the case between 2001 and 2006.

The “win-win” nature of such deals is well documented: GPs eager to deploy capital are on the lookout for easily-sourced, resilient businesses – which are more likely to already be in the hands of their like-minded competitors. This is not lost on fellow PE firms aiming to quickly rationalise their portfolios ahead of the next wave of fundraising, especially as the IPO market remained depressed throughout 2011 and trade buyers focused solely on “best-fit” assets.

“SBOs mechanically benefited from the strong recovery between mid-2010 and mid-2011, but maybe even more so than other types of acquisitions: potential buyers tend to already be familiar with such assets, having previously scouted them at the time of the original buyout,” notes HIG Europe managing director Olivier Boyadjian. “Besides, many funds returned aggressively to the market following a virtually deal-less spell between 2008 and 2010, hoping to reduce their dry powder before investment periods end.”

Timing issues aside, this SBO frenzy highlights the challenges faced by GPs chasing elusive primary transactions in the current environment – raising questions as to whether it is likely to subside anytime soon.

Dealflow from private vendors remains lacklustre and hasn't benefited from the general uptick in activity – such deals accounted for slightly more than a third of all buyouts, down from half in 2010. Industry players are prone to lament the continued gap on valuations between sellers and buyers, as well as a scarcity of quality assets on the market.

Meanwhile corporate spin-offs were also few and far between in 2011, despite observers

believing that distressed companies would sell non-core assets to weather the downturn.

Light at the end of the tunnel

That said, long-term market trends hint at a brighter future for primary transactions in France. Firstly, a number of mid-cap players closed new funds and fully invested their previous vehicles last year – as the pressure to reduce dry powder has eased off and most of the best PE-backed assets have already changed hands in the past few months, these GPs will hopefully enjoy more latitude to scout untapped potential on the primary market.

Private equity firms will also look to capitalise



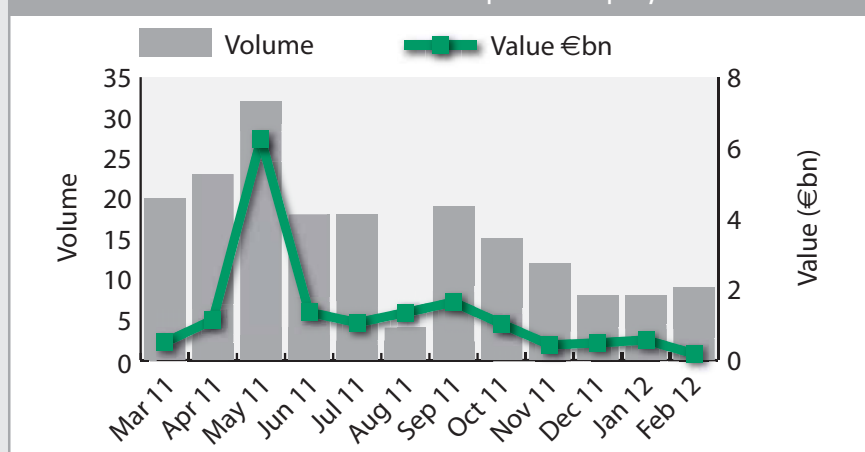
on favourable demographic trends driving sales of family-owned businesses. “The baby-boom generation of entrepreneurs is now approaching retirement, which should present good opportunities for PE houses in the next few years,” says one Paris-based GP. ■

Consumer sector boosts France

FRANCE MIGHT be on the way to a good year as 17 deals worth €700m have already been recorded, among which were 11 expansions and six buyouts. The €60m SBO of computer services company Consort NT led by EDF Partners was a notable example of the latter.

The food sector is still alive and well as the lower mid-market merger that created the Savena Sfinc group shows. Meanwhile, transactions in the industrial sector have been on the up since 2009. The buyout of Bosch Foundation Brakes by CPS Capital Partners was an example of interest in the automobile sector.

Volume and value of private equity deals in France



Source: *unquote*

First French PE-backed IPO for 10 months

EDMOND DE Rothschild Investment Partners (EdRIP), NBGI Ventures, UFG Private Equity, Crédit Agricole Private Equity and CDC Entreprises will have had reason to cheer in February: their portfolio company EOS Imaging can claim to have ended France's dry spell on the PE-backed IPO front (*see page 9*).

Furthermore, the listing for the Paris-based medical devices company went rather well. The offering was four-times oversubscribed with a share price at the upper end of the initial €5.63-6.87 range, allowing EOS to raise €38m and valuing the business at around €120m. At the time of going to press, it was trading at a respectable €6.41.

The PE backers should expect decent returns on their investment when the lock-in period expires. EdRIP and UFG went in first with a €7.5m round in 2005. NBGI and Crédit Agricole Private Equity joined them for a €12m round in 2007, before inviting CDC Entreprises for an \$18m series-D round in 2010. The IPO could also help raise EdRIP's profile – the GP is reportedly in the process of marketing its new biotech vehicle, BioDiscovery 4, for which it is aiming to raise €200-250m.

Founded in 1999 and formerly known as biospace med, EOS Imaging designs, develops and markets EOS – a 2D/3D imaging

system dedicated to orthopedic applications. The group reported consolidated revenue of €6.9m in 2011. It wasn't all smooth sailing though: according to NBGI's Aris Constantinides, commercialisation for EOS' device took longer than expected, requiring a particularly hands-on approach from the group of VC backers.

EOS' flotation marks the end of a 10-month dry spell for PE-backed IPOs of French businesses – the last one being fabless semiconductor company Sequans Communications, listing in New York with a \$365m market cap in April 2011. Even then, Sequans had to price its shares below the initial \$11-13 range to attract interest. French VCs can at least take solace in the fact that their neighbours didn't fare much better: *unquote* didn't record a single IPO across Europe from July last year until 2 February, when AVG floated on NYSE. Its post-IPO performance has been disappointing.

Like most other European countries, the French PE-backed IPO market was hit particularly hard by the financial crisis. The number of flotations fell from 18 in 2007 to none in 2008 and 2009. The market picked up in 2010 with three listings, including the €623m IPO of BC Partners-backed Médica. ■

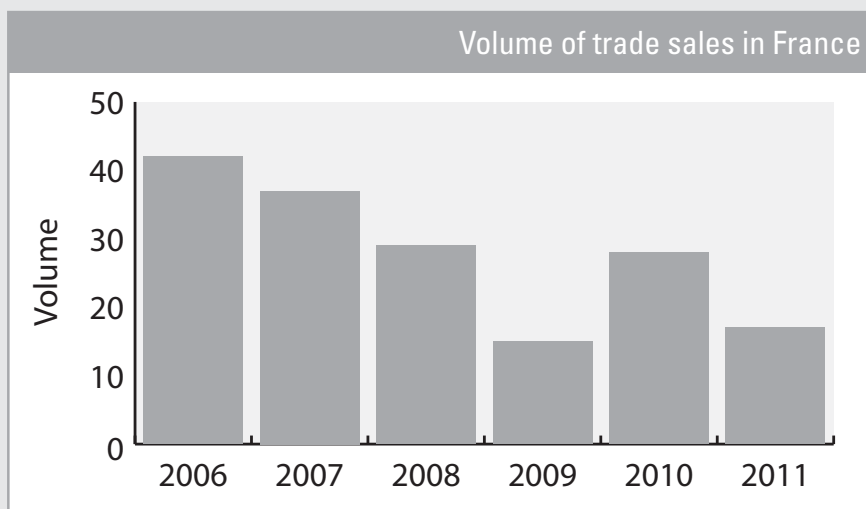
Trade sales down in 2011 despite headline deals

WHILE 2011 remained a bad year for IPOs in France, trade sales also failed to pick up: GPs sold 17 businesses to corporate buyers, down from 28 the previous year and a far cry from the 42 transactions recorded at the height of the market in 2006.

That said, a few GPs were able to capitalise on cash-rich corporates in the first half of the year: Barclays Private Equity and LBO France notably scored 2011's largest exit by selling power conversion and engineering company Converteam to General Electric for \$3.2bn in March. Apax France and Hutton Collins also sold mobile satellite communications company Vizada to Astrium, an EADS subsidiary, for a total consideration of \$960m in August. Apax reaped an overall money multiple and IRR in excess of 4x and 40% respectively following the divestment.

With trade sales down and IPOs firmly stuck in the doldrums, France did nevertheless enjoy an increase in divestment

activity last year: GPs exited 80 portfolio companies compared to 66 in 2010. This was mainly driven by the sharp increase in secondary buyout activity, with the volume of such exits nearly doubling year-on-year.



Source: *unquote*

French presidential election spells bad news for PE

The regulatory landscape is getting tougher across Europe for private equity – but French players might have more to worry about than most, as presidential candidates unveil measures that could affect the industry. **Greg Gille** reports

Photograph by © Benjamin Géminel. Some rights reserved



François Hollande presents the Socialist Party's presidential election manifesto in Paris

FRANÇOIS HOLLANDE, the Socialist party candidate and current poll favourite in the upcoming presidential election, recently made headlines with the proposal of a 75% marginal tax rate on incomes above €1m a year. But this is just the latest in a series of fiscal measures Hollande would introduce if elected. Among those are new limitations on the tax deductibility mechanism for interest payments on acquisition debt – a

move that could significantly affect the French private equity community.

French fiscal law allows a holding company, assuming specific requirements are met, to offset interest payments from its tax base when acquiring a business in an LBO transaction. This fiscal advantage was already dented at the end of 2011 – the French parliament adopted a new measure preventing a France-based holding company from

offsetting the payments if it is merely an acquisition vehicle controlled by foreign shareholders.

The Socialist Party expects the measure to bring up to €4bn a year in additional tax revenues. Although Hollande has yet to disclose full details on this measure, industry trade body AFIC understands that interest payments wouldn't be deductible if they exceed 30% of a group's EBITDA. "This measure would negatively

impact the economy as a whole, and not only LBO transactions,” warns Louis Godron, partner at mid-market firm Argos Soditic and AFIC executive board member. “It would penalise businesses which, given the nature of their activity or the pace of their growth, have heavy financing requirement. This of course includes companies in the industrial sector, which is odd at a time when there is a consensus to promote job creation in French industry.”

Sucker punch

Godron adds that the measure would be ill-advised given the economic environment: “The proposition’s other pitfall is its pro-cyclical nature. In a downturn, financial charges remain largely the same whereas EBITDA is likely to go down: struggling businesses would be hit twice as reduced profits would trigger higher taxes.”

The proposition could also send wrong signals to the business community, by stifling ambitious investment programmes and entrepreneurship. “We fear this could discourage businesses from making heavy investments. These generally result in a short-term drop in profit and generate higher financial charges, which again would risk triggering the non-deductibility mechanism. In a nutshell, does France need a law that hits industry, hampers fast-growing businesses and deters from launching any bold initiative?” notes Godron. He nevertheless adds that fiscal integration’s modest contribution to overall returns means that French PE funds should remain attractive to investors.

Meanwhile, incumbent President Nicolas Sarkozy decided in late January to push forward with the introduction of a tax on financial transactions,



“In a nutshell, does France need a law that hits industry, hampers fast-growing businesses and deters from launching any bold initiative?”

Louis Godron, Argos Soditic

without waiting for a Europe-wide consensus. The 0.1% tax would be applied to all share transactions for Paris-listed businesses – it would therefore only affect PE activity with regards to PIPE investments, take-private transactions and IPOs. The measure would take effect on 1 August this year, but its limited scope leaves the AFIC unfazed: “We don’t think having a 0.1% tax levied on public market transactions will fundamentally upset our industry – which is not focused on public markets – therefore the AFIC remains quite neutral on this issue,” says Godron.

Easy target

The extent to which post-election reforms will affect the PE community remains unclear, as candidates are still fine-tuning their program’s delicate fiscal balancing act. Looming elections notwithstanding, France’s increasingly strained public finances make PE an easy target to replenish the coffers – especially at a time when the financial sector is not exactly winning the battle for public opinion.

In December, France’s parliament scrapped the €5,000 cap on the transfer tax that applies to the acquisition of shares in unlisted companies. The acquisition price of the shares is now generally subject to a 0.5% levy, with a 3% rate applying for the part of the price below €200,000 and 0.25% above €500m. Godron reckons that the tax’s overall rate leaves

PE investments relatively safe: “While not welcome news, this measure is also unlikely to deeply impact our business model.”

But between the recently introduced measures and the ones that could follow the election, many in the industry feel that PE is getting the short end of the stick: “I fail to see why punitive measures have to be taken against LBOs,” laments Godron. “The perception shared by many politicians and the public in general is that PE destroys jobs. But the French PE industry has for years adopted a model based on the growth of portfolio companies. For instance, the 625 buyouts monitored by the AFIC created 17,200 jobs in 2010, whereas unemployment in general went up by 80,000 people. Private equity is beneficial both for the companies it invests in, and for the millions of citizens whose savings are generating higher returns – French PE has returned 8.6% annually over 10 years, while the stock market only returned 0.8%.”

Although the association is busy promoting PE ownership’s more positive aspects – notably through regular research into the industry’s contribution to the economy – Godron highlights that much work remains to be done: “Explaining that a financial industry can be beneficial to society is not an easy task, which is why we have to spend much time and effort detailing what private equity actually does.” ■

French private equity trade body AFIC has drafted a proposal to simplify and extend the incentivisation mechanism for employees of PE-backed businesses. **Greg Gille** reports

AFIC: Targets should share in the spoils of PE exits



Hervé Schricke,
AFIC

“Private equity professionals are convinced incentivisation strengthens cohesion within a business and gives employees an active interest in its strategy and performance”

THE PROPOSAL would allow shareholders – including, but not limited to, private equity houses – to share part of the proceeds generated upon their exit from a business with its entire staff. This incentive would extend to all employees who meet seniority requirements; it would not be assimilated to income, would be capped at a certain amount, and would be taxed prior to its distribution.

The choice to put the scheme in place would be left at the discretion of the shareholder – a plan would have to be agreed at least a year before the exit and linked to specific performance objectives. The association is adamant that its proposal could be quickly translated into law, easily implemented, straightforward with regards to tax, and wouldn't impact public finances.

The AFIC is currently submitting this proposal to France's social partners and political forces, as well as the various public administrations concerned, to gather feedback and initiate potential changes to the country's legal framework. Things are shaping up well so far, according to AFIC executive board member Louis Godron: “The first contacts and feedback we had were extremely positive – the measure is designed to foster social cohesion, a goal shared by all social partners in France.”

The FCPE approach

Although it is already possible for shareholders to incentivise staff, AFIC noted that the variety of existing schemes – and their fiscal idiosyncrasies – made it a sometimes overly complicated endeavour. “Putting in place incentives linked to a company's yearly performance is quite straightforward and commonplace, as the existing mechanisms work well,” says Godron. “But having hundreds of employees benefit from the increased enterprise value of an unlisted business is very complex.”

One of the existing mechanisms enables employees to invest in a dedicated FCPE vehicle, which in turn will invest in the LBO transaction. This is done on a voluntary basis, but the opportunity to invest is given to all staff members. Godron warns that this scheme is not necessarily adapted to all company profiles: “This approach presents several issues. First of all it over-exposes employees to risks linked to the company's performance, through both their employment status and their investment. Besides, it quickly becomes hard to manage for smaller businesses, which don't have the manpower and infrastructure to maintain a share-trading scheme.”

Mid-market firm Astorg Partners has already been busy sharing value creation with employees in most of its portfolio companies, opting for the FCPE solution. Partner Christian Couturier highlights the benefits of this model: “This mechanism has a few key advantages. First of all it offers a good incentive to participate, with the company supplementing the employee's own investment. Furthermore it is quite flexible: on low-risk LBOs the FCPE can invest at the holding level – and therefore benefit from the leverage effect”. He also notes that the risk for employees can be taken into account and hedged: “The FCPE's investment can also be limited to a stake in the operating company for more risky operations, protecting employees' investments should things go wrong.”

That said, Couturier agrees that Astorg's portfolio companies tend to be of a decent size, which makes them a good fit for the FCPE approach: “We have put this scheme in place for businesses with more than 500 staff with a significant foothold in France. These companies enjoy the benefits of larger, well-structured HR departments which are able to cope with the requirements. We also use the services of advisers well-versed in this type of mechanism.”

Astorg has noted a healthy level of appetite for the scheme, and its positive impact on portfolio businesses. “This initiative is generally very well received – we tend to get between 30% and 70% of the whole staff investing in our FCPEs,” says Couturier. “It not only allows us to share the value creation with the employees, but it also helps foster understanding between them and the financial backers: the staff really takes an active part in the LBO and the value creation strategy.”

Putting aside the comparative merits of each approach, Couturier lauds the AFIC’s proposal: “Every initiative designed to help share the value creation is welcome in our book – introducing new mechanisms to supplement the existing ones seems like a good idea.”

Hearts and minds

Like many of its European counterparts, the French PE industry still suffers from an image deficit in the public opinion, despite its maturity and documented contribution

to the national economy. So the AFIC is keen to highlight the industry’s focus on responsible investment – the goal to share value creation with portfolio company employees mentioned in the association’s charter as early as 2008.

“Private equity professionals are convinced that incentivisation strengthens cohesion within a business, gives employees an active interest in its strategy and performance, and fosters mutual understanding,” says AFIC chairman Hervé Schricke. “This is mainly an ethical issue; shareholders don’t have anything to gain financially from such initiatives. But the AFIC believes that encouraging employees to be shareholders in their company is ultimately beneficial to both the economy and society in general,” adds Godron.

Such hearts and minds initiatives could go a long way towards promoting PE, which is often portrayed as reaping huge profits on the back of hard-working employees. This could prove particularly crucial as the industry is once again back in the sights of politicians looking to mend France’s strained public finances (*see page 6*). ■



**Christian
Couturier,**
Astorg Partners

DEALS

MID-CAP

PE-backed EOS Imaging in €120m IPO

FRENCH MEDICAL devices business EOS Imaging, a portfolio company of Edmond de Rothschild Investment Partners (EdRIP) and NBI Ventures among other investors, has listed on NYSE Euronext.

The company issued 5,520,000 new shares at €6.87 per share (the upper end of the €5.63-6.87 initial range), raising €38m and valuing the business at around €120m. The offering was four times oversubscribed.

EdRIP has been the lead investor and largest shareholder in EOS Imaging since contributing to a €7.5m round in 2005. The company got a €12m second round of investment led by NBI and Crédit Agricole Private Equity in 2007. In 2010, CDC Entreprises participated in an \$18m series-D round.

Founded in 1999 and formerly known as biospace med, EOS Imaging designs, develops and markets EOS – a 2D/3D imaging system dedicated to orthopaedic applications.

The group currently employs 57 people and recorded consolidated revenue of €6.9m in 2011.

NAME	EOS Imaging
DEAL	IPO
VALUE	€120m EV
LOCATION	Paris
SECTOR	Medical equipment
FOUNDED	1999
TURNOVER	€6.9m
STAFF	57
VENDOR	EdRIP <i>et al.</i>

ADVISERS

Company – Société Générale CIB (Lead manager and bookrunner); Gilbert Dupont (Lead manager and bookrunner); Oddo Corporate Finance (Co-lead manager); Aelius Finance (Corporate finance).

EPF Partners joins in on Consort NT secondary buyout

EPF PARTNERS has joined existing investors AXA Private Equity and Naxicap Partners in the secondary buyout of French IT solutions business Consort NT.

The deal values Consort at €60m. Management, which already held a majority stake in the business, increased its shareholding to 70%. Previous backers AXA Private Equity and Naxicap reinvested “significantly” in the secondary buyout.

A new senior debt facility was negotiated to finance this latest transaction. EPF invested via the EPF IV fund, currently being raised – this is the vehicle’s third transaction.

AXA Private Equity has been a Consort shareholder since 2002; it later backed the take-private of the business in 2008, alongside Naxicap.

NAME	Consort NT
DEAL	SBO
VALUE	€60m
LOCATION	Neuilly-sur-Seine
SECTOR	Computer services
FOUNDED	1985
TURNOVER	€104m
STAFF	1,600
VENDOR	AXA Private Equity, Naxicap

SMALL-CAP

Cathay leads Amplitude buyout

CATHAY CAPITAL Private Equity has invested alongside CDC Entreprises, Merieux Développement and Auriga Partners to support the €30m buyout of French ultra-fast laser developer Amplitude from CM-CIC Capital Privé and Aquitaine Création Investment (ACI).

NAME	Amplitude
DEAL	SBO
VALUE	€30m
LOCATION	Evry
SECTOR	Medical equipment
FOUNDED	2001
TURNOVER	€25m
STAFF	100
VENDOR	CM-CIC Capital Privé, ACI

Cathay invested via the €200m Cathay Capital II fund, while Auriga drew equity from the €155m Auriga Ventures III vehicle. CDC invested via the FCID vehicle, a €180m co-investment fund.

The investment will support the research and development of new applications for femtosecond lasers and expansion into new markets.

In 2007, CM-CIC Capital Privé invested €2.8m alongside €200,000 provided by regional investor Aquitaine Création Investissement in a first round of financing for Amplitude.

ADVISERS

Equity – Friehe Bouhénic, Xavier Norlain, Sarmad Haidar (Legal); August & Debouzy, Philippe Lorentz (Legal due diligence); BMA, Hervé Krissi, Jonathan Luyt (Financial due diligence); Regimbeau, Jacques Warcoin, Thomas Moisan (Intellectual property due diligence).

Vendor – Morgan Lewis, Karen Noël, Pierre-Emmanuel Sirgue (Legal); Go4Venture, Jean-Michel Deligny (Corporate finance).

Company – KBRC Juriteam, Philippe Bédard (Legal).

Latour Capital acquires Multiposting

LATOUR CAPITAL has acquired French job advertisement software developer Multiposting.

Latour took a majority stake in the buyout, with investment company Kernel Investissements and Multiposting's co-founders holding the balance. Although deal value remains confidential, Latour invests in businesses valued in the €15-50m range.

Senior debt was arranged to contribute a moderate amount of leverage. Latour sourced the deal through its own network and was pitched against several competitors in a limited auction process.

NAME	Multiposting
DEAL	Buyout
VALUE	€15-50m
LOCATION	Paris
SECTOR	Software
FOUNDED	2008
TURNOVER	€4m
STAFF	40

CAPE backs AEMI OBO

CRÉDIT AGRICOLE Private Equity (CAPE) has invested €1.5m in the owner buyout of French industrial parts manufacturer AEMI. CAPE

invested via the LCL Régions Développement fund, a 2006 vintage that closed on €40m. AEMI president and founder Dominique Guichené retains a majority stake. LCL and Société Générale provided senior debt.

CAPE's backing will allow AEMI to pursue its growth strategy – the business is aiming to double in size within the next five years.

NAME	AEMI
DEAL	OBO
VALUE	n/d (<€15m est)
SECTOR	Industrial suppliers
TURNOVER	€14m

ADVISERS

Equity – Deloitte, Emmanuel Gadret, Mathieu Perromat (Corporate finance); GGSM, Marc Baffreau, Sandra Matas, Dina Rimouche (Legal).

Company – Financière Monceau, Jacques-Henri Rième (Corporate finance); Exème Conseil, Pierre Gramage, Cécile Bayle-Demilly (Legal).

FSI Régions backs Plebac buyout

FSI RÉGIONS (formerly Avenir Entreprises) has invested €500,000 in the management buy-in of French building fixtures business Plebac. The funding was provided in the form of convertible bonds, drawn from the AEM mezzanine fund. Oseo, Banque Populaire and Société Générale provided financing for this transaction.

Pelbac will now optimise its costs and aim to benefit from the current tightening of regulation in the sector.

NAME	Plebac
DEAL	MBI
VALUE	n/d (<€5m est)
LOCATION	Eysines
SECTOR	Building materials & fixtures
TURNOVER	€4m

ADVISERS

Equity – Rieme Capital Partners, Jacques-Henri Rieme (Corporate finance); Cabinet Exeme, Pierre Gramage, Carine Souquet-Roos, Laetitia Garrigou (Legal).

Vendor – Cabinet Fidal, Anne de Galzain (Legal).

ACQUISITION FINANCE

NiXEN's Babeau Seguin makes bolt-on

FRENCH HOME construction group Babeau Seguin, a NiXEN portfolio company, has acquired competitor Maisons et Jardins.

NAME	Babeau Seguin
DEAL	Acquisition finance
VALUE	n/d (<€25m est)
SECTOR	Home construction
TURNOVER	€115m (combined)

The owner NiXEN reinvested to fund this latest transaction alongside management and other historical backers. A “cautious” financial package was also put in place.

NiXEN acquired a majority stake of slightly more than 50% in Babeau Seguin from a consortium of private equity shareholders in November 2011. The deal was valued in the €50-100m range. Existing shareholders Siparex, CM-CIC, Carvest and Somfy Participations reinvested, as did Babeau Seguin's founder and chief executive Bruno Babeau. Pechel and Avenir Entreprises also joined NiXEN as investors in the new structure.

EARLY-STAGE & EXPANSION

BeCapital backs Verdesis

BECAPITAL HAS backed EDF Energies Nouvelles biogas subsidiary Verdesis. It has invested €11m and subscribed to a further capital injection of €14m in 2013, bringing the total investment to €25m. Equity was invested from BeCapital's SCA SICAR fund, which closed at €150m in 2011. EDF Energies Nouvelles has retained its 65.5% shareholding in Verdesis. BeCapital partnered with founder Xavier Lombard, taking a minority stake.

NAME	Verdesis
DEAL	Expansion
VALUE	€25m
LOCATION	Paris
SECTOR	Renewable energy equipment
TURNOVER	€5m

ADVISERS

Equity – White & Case (Legal); PricewaterhouseCoopers (Financial due diligence); Pollux Consulting (Environmental); Power Production System Consulting (Energy).

Management – Oddo Corporate Finance (Corporate finance); Scotto & Associés (Legal); Altra Law (Legal).

Perceva takes majority stake in BPI

PERCEVA CAPITAL has taken a majority stake in French HR consulting firm BPI, through a capital increase and the purchase of existing shares in the business.

Perceva invested less than €15m from its maiden fund, France Special Situations Fund I, which closed on €150m in January 2011. It bought part of the stake held by BPI president Claude Paoli, who will retain a minority stake. Perceva also bought the 25% stake held by the Malakoff Médéric group.

The deal didn't require a new debt structure to be put in place. BPI initially entered exclusive negotiations with turnaround

specialist Butler Capital in October 2011, but a final agreement could not be reached.

ADVISERS

Equity – Veil Jourde, Géraud Saint Guilhem, Sylvain Clérabourg (Legal).

Company – GGSM, Marc Baffreau, Sandra Matas (Legal); Sodica, Pascal Loison, Rébecca Ganancia (Corporate finance).

Entrepreneur Venture in €1m TBS deal

FRENCH GROWTH capital investor Entrepreneur Venture has injected €1m into marketing software developer TBS Group.

The business is still owned at 60% by its chief executive and founder Patrick Henrotte.

The remainder of the equity is split between StartInvest, Entrepreneur Venture and a number of executives.

The fresh capital will notably be used to drive TBS' international expansion – while already present in Belgium, Spain and Italy, the group is aiming to expand into other European countries.

NAME	TBS Group
DEAL	Expansion
VALUE	€1m
LOCATION	Bailly
SECTOR	Software
TURNOVER	€5m
STAFF	45

ADVISERS

Equity – Ernst & Young, Francois Poncet (Financial due diligence); Ideact, Maud Partouche (Legal).

Newfund supports Izeos

NEWFUND HAS made a growth equity investment in Izeos, a French company offering a range of online services to medical professionals.

The founders of Izeos retain a majority shareholding following the round. The deal was intermediated by advisory firm Vertu Finance. Newfund invested via the Newfund 1 vehicle, a €72m venture fund that typically provides €500,000-6m of equity per deal. This is the fund's 15th transaction. Izeos intends to use the funding to develop its offering, with a view to increase its turnover four-fold.

NAME	Izeos
DEAL	Expansion
VALUE	n/d (<€5m est)
LOCATION	Ivry-sur-Seine
SECTOR	Business support services
TURNOVER	€2m
STAFF	25

ADVISERS

Equity – Aramis, Romain Franzetti (Legal).

Company – Vertu Finance, Nicolas du Rivau (Corporate finance); Cheysson Marchadier et Associés, Charles Casal (Legal).

Rethinking LP funds

Alternatives to LP funds, such as listed private equity and deal-by-deal, are all gaining in popularity as their merits become more obvious in today's backdrop. **Kimberly Romaine** reports



Jon Moulton's Better Capital operates distributing funds and does not trade at a discount to NAV

AT A time when fundraising has never been more difficult, forgoing the twice-a-decade foray down the fundraising trail may be a welcome thought. Duke Street Capital recently left a year-long hike on a rocky fundraise with a view to returning next year. It will now pursue something like a pledge club, according to Buchan Scott, partner at the buyout house.

"We know a group of investors very well that are looking to partner on a deal-by-deal basis," says Buchan. "Most are not LPs in our other vehicles because the classic co-invest mandate requires them to invest alongside a fund," he continues, adding that the new investors are mostly family

offices that are *au fait* with private equity. Rather than raise from LPs, Terra Firma is expected to invest €1bn of funds from an (unnamed) sovereign wealth fund.

"Given the increasingly bespoke nature of PE investment, such arrangements often present themselves as a very suitable structural alternative to accommodate individual investor requests," says Sonya Pauls, fund partner at SJ Berwin. "However, most GPs, after reflection and on advice, come to consider such arrangements to be a 'last resort' solution only."

"This is a sign of the times, where the impact of mediocre performance and volatility in a portfolio cannot be mitigated

by brand value,” says Warren Hibbert, co-founder and managing partner of Asante Capital. “The move to deal-by-deal is a sign of fundraising failure, obviously, but doesn’t have to mean the group fails – the pressure to deliver strong returns on the unrealised investments has never been greater.”

Yet there are benefits to such a model, says Scott. “Each fee is organised at each deal, so may vary across transactions. And carry can be static or like management sweet equity. So the incentive can be well-aligned and there is no fee drag. Some of the old funding structures are no longer as attractive to certain types of investors.”

Of course there are disadvantages to deal-by-deal, too. “This is the weakest position to be in – you can’t raise LP capital readily and don’t have the standing within the public markets to list a fund,” says Hibbert.

When LP funds don’t make sense

Some first-time funds are looking at alternatives to LP funds. “This is completely understandable in the case where you’re a first-time fund and in fact it’s the most effective and efficient means of getting into business by proving you can do what you say you’re going to do,” Hibbert concedes. Indeed Greensphere Capital, a new infrastructure fund co-founded by Jon Moulton, founder of Better Capital, and Divya Seshamani, formerly of sovereign wealth fund GIC, is doing something akin to deal-by-deal.

“We did not embark on a long fundraising process as the model was not quite right for what we do,” Divya says, referring to Greensphere’s infrastructure focus. Instead the firm is working with a few large LPs for the first handful of deals. “Later we might group them together in something like a fund structure; however, we have a collaborative approach and will make this decision with our investors.”

So, abandoning the LP model should not be deemed a loser’s plight. Some of the best returns of the last couple of years have been from non-traditional funds: Investec Growth & Acquisition Finance had a hat-trick of exits generating IRRs of around 30% investing off the bank’s balance sheet; Milestone Capital, which has a small handful of LPs more committed than a pledge fund but without a typical LP fund, made 3.7x money in under three years with Coffee Nation; LDC delivers triple-digit IRRs (perennially) and Matrix and Foresight venture capital

*Investing
in debt is
something
usually limited
to specialised
funds and
off-limits for
traditional
GPs. But this,
as well as other
newly tempting
opportunities,
is within reach
of listed firms
with looser
investment
remits*

trusts have generated a handful of handsome exits in the last year. Alchemy Partners, with its evergreen funding structure, used to live up to its name in terms of exits, though that firm’s founder has gone on to create another fund with a different funding model.

“When we launched, we knew that permanent capital would be impossible to raise in the UK,” explains Moulton. Better Capital operates celled investment vehicles in a quoted guise. Moulton was loathe to pursue a more traditional permanent capital vehicle – where proceeds can be re-invested rather than distributed to backers – because of the high-profile falls from grace of SVG and Candover shortly before Better was set up.

“There remain two main fears with permanent capital,” Moulton says. “Firstly, by nature they are inefficient with capital. This is because they either have to have debt or retain frictional cash to ensure they always have access to cash. The other issue is that fees are often based on NAV. But this is extremely hard to determine and inherently fraught with conflict.”

Better’s vehicles, on the other hand, don’t base fees on NAV and are distributing funds. The fund is channelled through Guernsey, making it very tax efficient. Had you invested £1 at the outset you’d have had £1.28 at peak (at the time of writing) – not bad for a liquid investment.

“Permanent capital is a bit too easy. Managers can get sleepy because they don’t have to go to market every four to five years,” says Moulton. Better, founded in October 2009, has invested £204m from its debut vehicle.

Moulton estimates there are around 650 listed PE funds globally, but with a mixed reputation. “The listed route doesn’t make much sense unless you can demonstrate that the portion of the business you list will accrue significant value, such that the shares trade at a premium, allowing the manager to raise additional capital via a rights issue and the like – with few exceptions the data would suggest that this model doesn’t work long-term,” says Hibbert.

Moulton agrees: “Listed private equity has not been a very successful asset class lately. Many suffer a long run of low share prices and even the best trade at discounts.”

Except for Moulton’s, which may be why his Capital is Better. Moulton is proud it does not trade at a discount to NAV and quick to point out the GP puts more skin in

the game than any other in the listed market. “We put £20m into Fund I and £30m into Fund II.” The firm is also very liquid, with a turnover of 31% since inception. “We’ve traded up to 4% of the fund in a single day with no impact on share price,” Moulton boasts.

Though Better distributes its proceeds and raises fresh capital, atypical of listed PE, others re-invest proceeds and so have a more permanent capital structure. This is often to invest in the GP’s own fund, providing a diversified LP base for it. Dunedin’s investment trust boasted an uplift in NAV and share price for 2011, allowing it to increase its dividend by more than 30%.

“We don’t have to worry about spending two years fundraising every few years,” says Alex Fortescue, CIO at Electra Partners, the manager of Electra Private Equity, a listed outfit. “It leaves us to concentrate on investing and keeps the alignment between us and our investors.” He speaks from experience, having spent 11 years at Apax Partners.

Deal-doing freedom

It is not just the hassling distraction of replenishing coffers that make the old LP model seem less sexy, but also the flexibility of operating outside a restrictive limited partnership agreement (LPA). Take for instance the £45.5m Park Resorts deal just done by Electra. It saw the GP take 25% of the capital structure through purchasing the debt off the incumbent banker.

A refinancing scheduled for autumn 2013 should see Electra take on a larger equity stake (it currently has around 5%) and may see the incumbent GP GI Partners exit the troublesome investment. An interesting and probably cost-effective entry point into what could be a very lucrative deal – and more could be on the cards.

“Everyone thought in 2008 that banks would sell sound assets for a song, but it did not happen – the banks are very focused on value,” explains Fortescue. “That said, there are

now deals to be done. Management teams are tiring and need re-incentivisation, and perhaps that is helping to free up some opportunities.”

Such deals are not always within the remit of more traditional LP funds, whose LPAs often restrict them to

“LPAs are very long-lived things with substantial penalties for getting out. LPs want an option to review should managers stray from investment objectives, style and the risk/return profile”

Divya Seshamani, Greensphere Capital

equity stakes in buyouts (assuming the GP in question is not a turnaround or distressed debt fund). As such, the freedom offered outside the reigns of an LPA may be beneficial now more than ever, as opportunities increasingly come outside the typical areas.

Despite their apparent enthusiasm to bow out from PE, banks remain top of the radar for GPs, and no longer just from a lending or LP point of view. “We are

actively looking at banks’ loan-to-own books,” Moulton says, highlighting the fact he’s done deals formerly backed by 3i and Barclays PE that had hit hard times. He reckons around 3% of the deals they look at are from banks’ books, though they represent a much larger proportion of completed deals. In July 2011 Better spent £16.6m to acquire a majority stake in Fairline Boats as part of an RBS-led recap that saw 3i exit the business, which it had initially backed in 2005.

Most GPs – unless they are specialised debt funds – are unlikely to engage in such back-door deals *en masse*.

“It’s a great time to be liquid,” says Fortescue. And flexible – investing in debt is something usually limited to specialised funds and off-limits for traditional GPs. But this, as well as other newly tempting opportunities, is within reach of listed firms with looser investment remits. “There are less primary and vanilla buyouts right now, but we can focus instead on secondary fund transactions and debt,” he says, explaining that they bought a chunk of Steadfast in Germany for €25m which has already returned 70% of Electra’s cash outlay. It also purchased an “accordingly priced” stake of Cognetas before Christmas.

There is also the attraction to investors. It used to be that LPs paid high fees on commitments for the hope of

high growth of PE funds. But as returns fall (and are set to fall further as the last crop of deals vintage 2005-2007 are up for exit), those generated by their listed counterparts look increasingly attractive. "People invest in us for capital growth," Fortescue says. He maintains that Electra's £1.2bn in gross assets has yielded 10-15% net returns over the long-term and is blended across cash and investments. While this sounds like mezzanine returns – ie a lower risk/reward profile – it is worth remembering that traditional PE funds struggle nowadays to reach their target returns of low- to mid-20s. And with listed PE, you can get out more easily.

According to Seshamani, "LPAs are very long-lived things with substantial penalties for getting out. LPs want an option to review should managers stray from investment objectives, style and the risk/return profile. For example when GPs take on higher risk to try and achieve hurdle rates through leverage or on riskier business models. LPs are getting smarter and really looking at the contracts they're getting into now – this is a good thing for the industry."

A downside to different

Of course, LP fund alternatives such as pledge funds, deal-by-deal and listed are not all rosy. Says Pauls: "GPs need to ensure that those investors who participate in non-binding arrangements are sufficiently committed and not just strategic 'deal-flow watchers.'" Deal-by-deal also suffers from uncertainty at the point of execution; something two corporate finance houses told your correspondent is a major concern and one that means they are loathe to show deals to such houses.

The main downside to being listed is one of daily performance. "There is a disjoint between NAV performance and share price for listed vehicles, though it is the same for secondary LP positions," Fortescue says. At the best of times it is single digits but in 2008, SVG and Candover traded at discounts of around 60%. The average now across the asset class is 30%.

"We feel unfairly tarnished by the same brush as other trusts," Fortescue says, pointing to SVG, Candover and 3i, which he says are effectively listed LPs. "We invest directly off the balance sheet so do not have over-commitment driven liquidity issues," he adds, indicating that the discount is not fair across all listed entities.



"We don't have to worry about spending two years fund-raising every few years. It leaves us to concentrate on investing and keeps the alignment between us and our investors"

Alex Fortescue,
Electra Partners

Better, despite its listed structure, has to test its popularity every couple of years, through a share issuance. Better's second vehicle, BECAP12, held a first close in January and boasts net proceeds of £166m. The second time round was – similar to LP funds – dramatically more difficult. "The marketing period for the first fund literally took a couple of weeks. The second was much harder, but still came up as the largest IPO at the end of last year."

Not only is Better kept in check by its need to raise funds through share issuance every few years, but its listed status means a share price acts as a daily report card. The day your correspondent interviewed Moulton, the price hit an all-time high.

Hibbert reckons that this year and next will be about difficult times, but with success for those that tailor their offering to LPs. "We will continue to see a polarised market – funds delaying launches by 12-18 months while others are pulled and yet another group closed in record time and oversubscribed. We will also see 'special deals' – managed account relationships being established between large sovereign wealth funds or US pension funds and brand-name GPs."

Indeed, this personal service is what Greensphere is currently pursuing. "The LP model is not dead," maintains Seshamani. "There are still a lot of LPs keen to invest in big brands because ultimately you do not get sacked for investing in a big brand."

Pauls, with her bird's-eye view in fund structuring, backs up Seshamani's view that variations of the LP model are here to stay: "Bespoke arrangements do of course work for particular situations, but we do not foresee such arrangements turning into the standard fund model for the future. Private equity investments are increasingly bespoke, but the requests and demands generally translate well into traditional fund arrangements or managed accounts structures.

"What we are of course seeing as a result of often challenging fundraising processes are 'mini funds'," she continues, "Funds that replicate predecessor structures but with a sometimes significantly reduced fund size to enable GPs to remain 'in business' until, on the basis of the new track record, a larger fund may be raised again." Most hope that is sooner rather than later. ■

The extensive requirements and reach of the US Dodd-Frank Act has some European GPs worried, but law firm DLA Piper points to a number of available exemptions. **Sonnie Ehrendal** investigates

Dodd-Frank fears “overblown”

AS PREVIOUSLY reported by *unquote*, the Dodd-Frank Wall Street Reform and Consumer Protection Act is worrying European GPs.

Previously, fund managers with fewer than 15 US clients per preceding year were granted an exemption to avoid scrutiny under the Investment Advisers Act of 1940. Dodd-Frank removed this, leaving European fund managers with the risk of having to register with the US Securities and Exchange Commission (SEC).

There are, however, a number of exemptions available for non-US private fund managers, DLA Piper partners Lou Anne McInnis, David Goldstein and David Williams explain.

The Foreign Private Adviser Exemption is a narrower version of the replaced exemption. It imposes further, strict requirements on the fund adviser, including aggregate US LP contribution of less than \$25m, and for the adviser to have “no place of business in the US.”

The definition of US operations is, as noted by many non-US GPs, markedly narrow. Goldstein clarified the legal position: “If an Australian fund manager, with headquarters and funds domiciled in Australia,

sends one employee to manage the funds in the US, it would constitute US operations and that portion of the fund would be counted.” It does not, however, cover investments made into the US by funds managed and domiciled outside the country.

DLA’s partners agree that few European PE houses would be able to rely on this exemption. Instead, McInnis argues, the majority will fall under the Private Fund Adviser Exemption. It covers GPs who, firstly, “act solely as an adviser to qualifying private funds,” and secondly, “have assets under management in the US of less than \$150m.”

Tarnished with the same brush

Most, if not all, PE funds would qualify as “private funds” under the exemption. The stated exception regards funds set up as investment companies, as defined by the Investment Company Act of 1940, section 3. The average European GP is also understood to fall below the limit of US assets under management, even if it chooses to invest in the US.

“It has more to do with the fund managers’ operational base and where funds are domiciled, rather than the geography of portfolio companies,” explains Goldstein.

“Managers have been concerned that raising capital from the US is costly and fraught with risks – it isn’t”

David Williams,
DLA Piper

It was noted, however, that exemptions cannot be combined, and fund managers who also advise non-exempt funds for US clients will have to register with the SEC.

Under the available exemptions, Dodd-Frank does not seem to have a major impact on European PE houses. On the contrary, McInnis notes, it is straightforward once you work through the different points.

Conversely, McInnis rejected the idea of US GPs separating their American and European investment operations: “It will not be possible under Dodd-Frank; in fact, US-based fund managers have protested against the disadvantage imposed on them by having to count all of their assets, wherever funds are domiciled.”

Despite favourable exemptions, the partners believe many European GPs will have to examine their current situation. “The question for many will be whether to file as an exempt reporting adviser, which requires a limited filing on the Form ADV and a yearly update.” Initial reports must be filed with the SEC by 31 March 2012.

Such a filing is, however, not thought to be overly interfering. UK-based Williams says European GPs should let go of their worries about US investment: “Managers have been concerned that raising capital from the US is costly and fraught with risks – it isn’t, and the scope of these exemptions is just one aspect of what is actually a fairly benevolent environment for those who take the time to explore it.” ■

AIFMD timetable too short, says FSA

The risk of disproportionate regulation and a lack of time to implement the AIFMD have been highlighted by the FSA in its latest discussion paper. [Anneken Tappe](#) reports

THE FINANCIAL Services Authority (FSA) has published a discussion paper on the implementation of the EU's Alternative Investments Fund Managers Directive, outlining the pros and cons, and detailing how it will integrate the new rules into the *FSA Handbook*.

However, the discussion paper reveals the FSA is concerned about the amount of time it has to implement the directive and acknowledges that the regulation could have negative effects on smaller operators.

The AIFMD, which is still far from being implemented into the UK's national law, will regulate the approximately 2,000 alternative investment funds (AIFs) established in the UK, as estimated by the Investment Management Association. The degree to which it will affect a particular fund relies on a number of criteria, including where the fund and fund manager are based, its presence in other EU member states, and the location of its depositories.

On the upside, as the FSA paper highlights, the AIFMD is likely to have a positive effect on conducting cross-border business. The passport, a clause allowing qualifying funds (which are registered in one member state) to market their products across the EU, will be available from 22 July 2013. The FSA stresses that this poses an opportunity for efficiently conducting business for those AIFs that are "ready" for the new provisions.

One-size-fits-all

However, what the FSA calls "heterogeneity of the sector" continues to be an issue to many AIFs. The judging of alternative investments as a homogenous asset class makes regulation simpler and more effective. But it also forces

a one-size-fits-all legal framework on the industry that is prone to result in overregulation, bearing negative consequences for SMEs.

Additionally, the discussion paper points out that the implementation period is rather short considering some AIFs are further away from complying with the new rules than others.

The AIFMD reduces the systemic importance of PE more or less to the use of leverage in transactions. Even though it is tough to dispute that overleveraging is potentially risky and unsustainable, it is hardly feasible to assume all AIFs are overleveraged.

Big obstacle for small funds

The FSA also notes that introducing a registration scheme for smaller funds that is unrelated to other requirements could lead to consumers preferring larger AIFs, which are fully regulated under the AIFMD. Smaller funds that do not fall under the AIFMD compliance requirements can opt-in to benefit from the passport. In that case, they also have to meet all requirements, which can lead to an increased financial and administrative burden.

The directive is expected to be integrated into the *FSA Handbook*, which the FSA sees as an opportunity to overhaul the relevant regulations. Some of the existing provisions, particularly with regard to conflicts of interest, risk and liquidity management, and transparency, may even be directly replaced with EU provisions.

In early 2013, the FSA will be split into two organisations, the Prudential Regulatory Authority (PRA) and the Financial Conduct Authority (FCA). AIF-related matters will fall under supervision of the FCA. ■

Fragmented ecosystem hampering venture

The debate surrounding the high returns enjoyed by Silicon Valley investors compared to their European counterparts continues. But why do stateside investments persistently reap higher returns than those in European start-ups, and what needs to change to bolster European returns? **Amy King** investigates



"Policy makers are not patient.

We need to focus on collaboration and stable policies that do not change as power switches hands"

Nicolas von Bülow,
Clipperton Finance

RETURNS ENJOYED by Silicon Valley investors in the digital economy are often much higher than those in Europe. Accel Partners is set to shatter venture capital records with an expected 700x multiple on its investment in Facebook, more than four times that recorded upon Bessemer Venture Partners' sale of European online telecommunications giant Skype.

Some industry players have blamed this disparity on a lack of opportunities in Europe; a claim Davor Hebel, partner at Fidelity Growth Partners, flat out refutes: "There are tonnes of opportunities in Europe. We have identified more than 2,000 growth businesses." The maturity and super-concentration of Silicon Valley compared with the fragmentation of the European market expertise seems a less reductionist explanation.

Conserve the ecosystem

Nicolas von Bülow, partner at Clipperton Finance, a financial advisory firm that works with technology companies and investors, in part attributes the European problem to "fragmented ecosystems, which mean you end up with local champions with turnovers of €200m and above which you probably wouldn't have heard of abroad".

Furthermore, Europe does not enjoy Silicon Valley's super-concentration of finance, IT, universities and tech clusters. Innovative spaces in Europe are spread in capitals across the continent, including London, Berlin and Paris.

According to von Bülow: "Innovation is about ecosystems. The US only has one real cluster. We have more, but we do not have the critical mass needed.

With technology you need a super-concentration within a single area."

Taking the example of government-backed "Silicon Roundabout" in East London, he suggests that patience and cross-party stability are crucially missing: "Policy makers are not patient. We need to focus on collaboration and stable policies that do not change as power switches hands."

Similarly, innovation must rise above national politics to supranational levels, with each European country looking not to further its national success in innovation but that of Europe as a whole. Perhaps the EC's recent launch of its Digital Agenda, which aims to double the current percentage of retail sales completed online from its current 3.4% by 2015, may help unite the market and put an end to "each nation feeling it has won a battle against another nation, when globally is has lost", according to von Bülow.

Striking an happy medium

In terms of e-commerce though, both Hebel and von Bülow agree that Europe is faring well. Macroeconomic trends underpin the growing e-commerce market. Increased access and improvement to broadband services and payment systems have gradually built consumer confidence in the online marketplace and fuelled a willingness to buy. In digital design, a heavier focus on user experience has vastly improved the interface that unites consumer and product. The inexorable spread of the smartphone and its accompanying arsenal of e-tail apps has meant that an online purchase is never further than a few taps away.

“There are tonnes of opportunities in Europe. We have identified more than 2,000 growth businesses”

Davor Hebel, Fidelity Growth Partners

The EC’s Digital Agenda seems to represent a supranational nod of acknowledgment to a growing e-commerce market. If the initiative proves successful, it could underpin a thriving European exit environment for venture backers. Indeed in December 2011, the sale of online cycling retailer Wiggle by Isis to Bridgepoint saw the vendor reap a 69% IRR and 15x multiple.

After a fashion

More specific trends are identifiable within e-commerce itself. The success of European fashion e-tailers is one such notable development and an unsurprising one at that, given the historic prestige of European catwalks. Between 2007 and 2012, *unquote* recorded 257 investments in the personal goods and retail sectors, and an increase in investments in online-only companies is recorded throughout 2011. With the notable success of fashion-focused e-commerce companies such as Summit Partners-backed Vente Privée and Accel-backed Showroomprive.com, it seems the European subsector has the potential to create substantial value. Indeed DN Capital sold six businesses in the 18 months to December 2011, two of which were to Oracle. The firm is based in London, but has a US presence.

E-tail does have its victims though; recent reports reveal the growing vacancy rate in high-street retail premises.

Many smaller bricks and mortar retailers, unable to compete with the economies of scale enjoyed by larger e-tailers, have fallen victim to digital Darwinism and been forced to shut up shop. This, of course, has repercussions on employment rates.

While European e-commerce seems set for growth, it must not go it alone. Silicon Valley cannot be dismissed as a competitor as contact must be maintained to allow entrepreneurs to leverage developments in US start-ups.

Don’t jump the gun

Patience seems a necessary virtue; it has taken UK fashion e-tailer, and Index Ventures portfolio company, ASOS 12 years to achieve its international success. A short-term focus on IRR might have hindered such growth. Von Bülow suggests that where Europe falters against its US competitors is in its propensity for quick sales. “If you sell a company that has grown to have a €20m turnover, you might make money quickly but you will lose the infrastructure you have built, which is fundamental for the growth of a country,” he says. “Companies need to remain sustainable, independent and ambitious.” Had Zuckerberg sold Facebook prior to reaching such disruptive levels, a plethora of follow-on start-ups would likely not exist. Perhaps the heavy focus on returns is more a hindrance than a concern. ■



Davor Hebel,
Fidelity Growth
Partners

Sweden lands top spot on European innovation leader board

The Nordics have once again populated the highest ranks in the European Innovation Scoreboard, with Sweden at the helm of the “Innovation Leaders”. Twenty-five indicators contribute to the score including: VC as a percentage of GDP; R&D expenditure in the public sector; and population with tertiary education qualifications.

“Innovation Followers” include France, Austria and the UK while “Moderate Innovators” – those below the EU 27 average – include Southern Europe. Unsurprisingly, the EU average is far below the US innovation score.

According to the scoreboard, only in Sweden and the UK does venture capital as a percentage of GDP exceed 0.2%. However, although Swedish innovation is well funded in the initial stages, the later stages of a project receive capital less easily. According to Martin Gemvik, investment manager and partner at Sting Capital: “In spite of the government we have and the previous government, there is an obvious lack in strategy for innovation, mainly for the stage when you commercialise innovation. The problem is that the ecosystem, or the ecochain, doesn’t work all the way up.”

Activity nosedived in H2 2011, but the “flight-to-quality” phenomenon translated to very little movement on the entry multiples front. **Greg Gille** reports

Mid-cap valuations still stuck on pre-crisis levels

THE MEDIAN EBITDA multiple paid in European mid-cap private equity buyouts – here defined as businesses in the €15-150m range – stood at 7.5x in the second half of 2011, according to the recently released Argos Mid-Market Index. This is virtually identical to the 7.6x recorded in the much busier first half of last year, and still in line with multiples paid by GPs prior to Lehman’s collapse.

The steady rise in valuations from early 2010 to mid-2011 was largely blamed on the race to invest significant amounts of dry powder quickly – one could have thought that a much tougher lending market would curb this trend. But actually the rocky environment seems to have further sparked competition and encouraged buyers to keep paying big bucks for the handful of assets available.

“We witnessed a very active first half of the year, with rather high valuations. The second semester was different, with dealflow slowing down significantly – but the market remains heavily bifurcated,” explains Argos Soditic partner Karel Kroupa. “On the one hand you get complex transactions that don’t attract much attention and are harder to finance – these could have driven prices down, but they

simply struggle to close. On the other hand, the best assets still generate a strong appetite from buyers and lenders; these are the ones that GPs focus their efforts on and prices have therefore remained steady.”

That said, PE houses are not the only buyers affected by the proverbial “flight-to-quality” syndrome.

notes Kroupa. “Given that corporates still have large amounts of cash available, they are less constrained by financing issues and are therefore willing to pay relatively high multiples for such businesses.”

It remains to be seen whether multiples for mid-cap LBOs will keep hovering around pre-crisis levels in

“On the one hand you get complex transactions that don’t attract much attention and are harder to finance – these could have driven prices down, but they simply struggle to close”

Karel Kroupa, Argos Soditic

Increased activity in late-2010 and early-2011 led to LBO players paying higher multiples than trade buyers for the first time in years, according to Argos’s index – the trend reverted in the second half of 2011 as multiples paid by corporates kept rising to a 7.6x median.

“Trade buyers show the same selective appetite for M&A, although they tend to look for businesses that best fit their strategy and not necessarily the best performers,”

the coming months. But as far as activity levels are concerned, Kroupa echoes the currently popular view that dealflow might remain lacklustre for quite some time: “Financing is still available, but with lower leverage multiples and less friendly terms; the macroeconomic environment is not likely to improve much in 2012; and many vendors are not under intense pressure to sell. All these factors are currently converging and make the LBO landscape hard to navigate.” ■

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REGULATION UPDATE

AIFMD

THE ALTERNATIVE Investment Fund Managers Directive (AIFMD) is the first regulation of its kind in Europe. Unlike other legislation designed to reduce systemic risk in financial markets and to protect institutional investors, such as Basel III or Solvency II, the AIFMD aligns legal conditions for fund managers across the EU for the first time. But regulatory conditions are very different across Europe and opinion is therefore not entirely against the Directive. In Spain and France, for example, current requirements for fund managers are already very close to those proposed by the AIFMD.

"We claim that France is one of the most regulated private equity industries in Europe. So I can't say that [the AIFMD] will seriously impact the way we do business," says Charles Diehl, partner at French mid-cap firm Activa Capital. He points out that despite the risk of investments going off-shore when regulation becomes stricter, French legislation has been encouraging firms to stay on-shore.

In Spain, SJ Berwin partner Isabel Rodriguez describes the existing PE act as very pro-business – PE funds need to be registered with the Spanish regulatory authorities and are obliged to fulfil certain capital and annual disclosure requirements.

"Due to existing regulation currently in force in Spain, the AIFMD won't affect the industry much," says Julio Veloso of law firm Broseta and the Legal and Fiscal Committee of ASCRI.

But GPs are much more outspoken about their dislike of obligatory depositories prescribed by the directive. "No LP has ever told me they're worried about their money because of too little regulation," says Simon Havers, chief executive of Baird Capital Partners Europe.

"The sole positive effects for the industry are the EU passport and the possibility that AIFs will become a recognised brand like the UCITS," says Donnacha O'Connor, partner at Irish law firm Dillon Eustace.

"It is burdensome from a bureaucratic point of view and will just increase costs without better protection. But this is not going to go away. There is significant compliance infrastructure in place at Baird, but I feel sorry for my competitors who don't have that advantage," explains Havers.

But the requirement of depositories is not the only feature that upsets the industry. "Two parts that are penalising are the ability to fundraise, which impacts the private nature of the industry, and the frustration that comes with being treated like a hedge fund," says Diehl.

It seems like policy makers are unaware of any sub-categories in the asset class, and that is reflected in the industry sentiment. But unlike in the US, where a special SEC enforcement unit will be set up to deal with alternative investments as part of the Dodd-Frank Act, there is no equivalent in the EU.

"The business model and fund structures in private equity are very different from those in the hedge fund industry. The industry is not opposed to appropriate and proportionate regulation. But this one-size-fits-all approach is more burdensome for PE houses, especially with regard to current structures and processes," Ulrike Hinrichs, managing director of German trade body BVK, points out.

Rodriguez stresses that it is wrong to put all forms of alternative investments in one category; "But now everybody is in the same boat and this is the time to make the industry be heard by the Commission," she adds.

PE and VC not created equally

The anger towards unfitting definitions does not end with hedge funds. Some have complained about PE and venture capital being too different to be regulated under the same law. The Dutch NVP argued that small venture funds should not be regulated to the same extent, considering their reach

Regulation has become a hot topic in recent years, as governing bodies attempt to safeguard the global economy from another collapse. **Anneken Tappe** sifts through the paperwork

and their ability to live up to large additional payments. Since then, the EC has proposed a similar regime for VC funds, allowing them to operate across Europe once a similar passport is obtained.

Koos Teule, director of investment relations at Gilde Buyout Partners, disagrees with the approach: "Buyouts and venture capital have different risk profiles, but the AIFMD is a directive meant for the protection of the investors. I can easily argue that venture is riskier and more illiquid than buyouts in comparison."

The decisive disapproval of a streamlined regulation for a diversified industry might have been the reason for the recent review of venture capital fundraising regulation by the EC.

But no matter how successful or unsuccessful they may be, complaints will not help to get national laws ratified any faster. At this point in time, with a two-year implementation period ahead, funds need to sit back and wait for final laws to be passed in their home countries. Again, opinions differ as to how much time will be needed to implement the legal changes in company strategy.

"A year is nowhere near enough time to prepare," says Joe Steer, head of international public affairs at British trade body BVCA. In Ireland, however, the necessary infrastructure is already in place for Irish-regulated investment schemes, says O'Connor: "It just needs some tweaking to become compliant with the directive."

"People continue to complain, which is understandable, because there are many clauses in the AIFMD. But people also have to understand politicians and the protections of investors. The industry is risky and illiquid. So why would it not be regulated? The problem is they overdid it now and included hedge funds and PE under the same scope. But regulation was to happen, so everybody should stop complaining," says Gilde's Teule.

"Gilde won't waste time fighting it, but use the time to prepare adequately. But so far we have only looked at the drafts from the EU Commission and assessed the possible implications. We are awaiting final national laws, so we are not prepared yet."

Opinions vary across the industry and even more so across different countries. Differences in initial national legislation

are causing panic on one end and comfort on the other.

But it is important to see the big picture: the successfully implemented AIFMD will create equal, or at the very least closely related, conditions across the 27 EU member states. This harmonisation process will make regulated funds the new standard and force smaller AIFs to comply as well, potentially creating safer conditions for investors. The passport regime that will come into action under the directive is viewed by far as the most positive feature among all interviewees.

The difficulties to raise funds and find new investors are a trade-off for unlimited access to 27 developed markets; a feature which will, in theory, drive growth in the European PE industry.

KEY FACTS

- Final legislation is expected to be published by mid-2012, followed by a two-year implementation period in the member states.
- Applies to funds above the twin-threshold of €100m, or €500m, including leverage and excluding redemption rights within the first five years after committing.
 - Treats all alternative investment funds equally, if they are above the twin threshold.
- Funds covered by, and complying with the directive will be allowed to market their services across the EU by means of an "EU passport" (also non-EU funds).
 - Until 2018, national laws governing extra-European funds will remain in place, but the AIFM passport regime will be enforced in 2015 (see page 17).

Solvency II

THE IMPACT of Solvency II on the private equity industry comes in the form of changed rules and requirements for insurers. Investments in PE funds, grouped with hedge funds and other alternative assets, are subject to capital requirements ranging between 40% and 59%. This means the industry is likely to see a flight of insurers as institutional investors, further complicating the already tough post-financial crisis fundraising environment.

"This is not a very optimistic situation for institutional investors," says Isabel Rodriguez, partner at SJ Berwin and member of the Legal and Fiscal Committee at Spanish trade body ASCRI.

In Germany, Ulrike Hinrichs, managing director of PE association BVK, fears that the new legislation might cause an entire investor group to disappear: "Participating in PE will become rather expensive in comparison to other asset classes and lose its appeal," she notes.

Charles Diehl, partner at French mid-market firm Activa Capital, also suggests that Solvency II is a form of penalty for insurers investing in PE products: "The lack of liquidity should improve the rating of private equity in the eyes of the insurance industry, considering the volatility of the public markets."

Funding takes another hit

The problematic future of fundraising is the foremost concern of the industry. Joe Steer, head of international public affairs at the BVCA, points out there would be no complaints if regulation was effective and proportionate to the industry, "but the current proposed capital ratios of Solvency II will make it more difficult for private equity to raise funds."

Besides the dominant issue of fundraising, the classification of private equity investments is another point of outrage in the industry.

"The regulations lump private equity in with hedge

funds despite them being such radically different asset types," says Baird Capital Partners Europe chief executive Simon Havers.

Koos Teule, director of investment relations at Gilde Buyout Partners, agrees: "Hedge funds and private equity should be separated, because they have different liquidity and risk profiles. But we also need to understand the regulator's side. It's probably the smallest issue on their minds."

Industry sentiment suggests that a shrunk LP base is widely expected – both Havers and Teule are certain the updated Solvency provisions will result in fewer investments from insurers. However, the definitive effects of the directive are debatable until the provisions are fully implemented, which in itself creates another issue: "Uncertainty like that is never good," points out Diehl.

KEY FACTS

- Passed by the European Parliament in 2009.
- Changes were proposed in 2001: moving from a country-by-country basis to blanket regulation.
- Applies to insurers and re-insurers in Europe, with gross premiums of >€5m or gross technical provisions of >€25m.
- Three-pillar system:
 - Quantitative requirements (solvency and minimum capital requirements);
 - Qualitative requirements and supervision (corporate governance, risk management and accountability);
 - Disclosure (public solvency and financial condition report and regular supervisory report, published to the authorities).
- Increases PE capital requirements to 49% (or 40% during slow economic growth and 59% during fast growth).

Basel III

SIMILAR TO the provisions introduced under Solvency II, Basel III does not have a direct effect on the industry, but its indirect impact is already being felt. The regulation is primarily set out to strengthen banks' capital safety net – a direct consequence of the latest financial crisis. But Koos Teule of Gilde Buyout Partners points out that it is based on a problematic assumption: "One problem is that risk weighing is done wrong. Either it's too low, or it's too high; it should be accurate."

The effective gravity of the provisions is hard to forecast, because it requires an adaption in the business model that banks run by. Charles Diehl of French mid-cap firm Activa Capital does not have high expectations for the effectiveness of Basel III: "It will have a very negative impact on the economy and is not going to solve any problems." The negative impacts are already being felt in the form of leverage being more difficult to secure on favourable terms, since the higher capital ratios leave banks with less capital to supply leveraged financing with.

Banks cut back direct approach

Private equity, which has seen fewer direct investments from banks over the past decade, is also likely to see financial institutions further scaling down their commitment to the asset class. "It will definitely reduce the number of potential LPs investing in the industry," says Simon Havers of Baird Capital Partners Europe. Banks across the continent have already started selling off some of their PE assets, which in turn is fuelling an already healthy secondaries market.

Meanwhile, Ulrike Hinrichs, managing director of German trade body BVK, says she expects to see three different effects in

Germany: "First of all, banks' participation in private equity as investors will decrease. There will also be more of a hurdle to leveraged financing. At the same time, it is possible that companies that are discouraged from getting financial support from banks turn to private equity as a substitute."

Indeed, a question that arises from the altered loan availability is whether PE houses could replace the role of banks in providing capital to SMEs. As banks refrain from lending on the pre-Basel III scale, smaller businesses in particular will seek alternative funding options. PE could potentially step in and benefit from an enlarged target pool.

Charles Diehl disagrees: "I don't think PE will have the means to step in as a substitute for bank lending." A measure like Basel III will impact lending across the board and Diehl predicts that small businesses and PE houses alike will be hit by its effects.

KEY FACTS

- Increase of capital ratio of financial institutions to 4.5%.
- Introduction of capital conservation buffer of 2.5% and a countercyclical buffer ranging from 0-2.5%,
 - Capital conservation provisions apply to all banks, while countercyclical provision only applies to SIFIs.
- Effective increase of capital ratio to 7%.
- Three-pillar system:
 - Capital requirements;
 - Risk management and supervision;
 - Disclosure requirements.
- Guidelines for liquidity requirements including the ability to withstand a 30-day period of stressed funding.



Dodd-Frank

THE DODD-FRANK Wall Street Reform and Consumer Protection Act limits banks' commitments to alternative investment funds to 3% of Tier 1 capital (the "Volcker Rule"). The legislation also forces a compliance regime on private equity funds exceeding \$100m in assets under management and requires advisers to such funds to register with the Securities and Exchange Commission (SEC).

The new provisions bear the possibility of inhibiting transatlantic investment activity for both US investors in Europe, and European investors in the US.

Julio Veloso, a partner of Spanish law firm Broseta, and also member of the legal and fiscal committee of ASCRI, says Spanish PE firms do not need to be worried about these latest changes in the Dodd-Frank Act: "I believe only a very minor number of companies will be affected by the Dodd-Frank Act in Spain. It's just not as relevant here."

However, Simon Havers, of Baird Capital Partners Europe, sees problems for British firms: "Dodd-Frank is undoubtedly going to reduce transatlantic investments. Local capital for local firms seems to be a growing trend, even though it's not good for the end consumer." But at least one UK law firm feels the fears are overblown (*see page 16*).

The European private equity and venture capital industry draws heavily on investors from overseas, but the new Volcker rule is likely to depress the number of American LPs investing in European funds.

A number of GPs, like Charles Diehl of French firm Activa Capital, are outraged. "People investing in private equity are the most sophisticated investors in the world. They don't need additional protection and should be allowed to invest in the vehicles they choose," says Diehl. "It shouldn't be regulators telling them what to invest in."

Diehl's argument relates to the misguided classification of alternative investments as a homogenous asset class, treating PE, venture capital and hedge funds on equal terms. To counter the industry's clamour for appropriate treatment of

different types of funds, the SEC will set up a specialised unit solely dedicated to alternative investments to drive expertise within the organisation.

For the moment, however, the PE industry should relax, says Koos Teule, of Gilde Buyout Partners: "It's annoying to do the paperwork, but I don't think the SEC will actively look at European firms just yet. They have other problems to deal with."

But it is the paperwork, that suggests rising administrative and legal expenses. "This is going to bring significant costs regarding administration, implementation, reporting and auditing upon affected fund advisers," argues Ulrike Hinrichs of the German trade body BVK. Again, it remains to be seen to what extent costs will be passed down to the end consumer.

Finally, banks' move away from PE is not news in and as itself, but the new Dodd-Frank provisions could accelerate their disappearance. Even though PE investments often show higher returns than their public market equivalent, banks' PE businesses proved to be a burden to the balance sheet due to new capital requirements.

This piece of legislation might restrict those investors still active to an extent to which PE loses all its attraction.

KEY FACTS

- Latest stance signed into law on 21 July, 2010.
- Requires advisers to register with the SEC if PE fund in question manages more than \$100m.
- Requires strict compliance, documentation and reporting measures:
 - The SEC is entitled to share all documentation submitted with the Financial Stability Oversight Council (FSOC).
- The Volcker Rule limits banks' investments in PE funds to 3% of Tier 1 capital.
- Venture capital funds [according to the SEC's definition] are exempt.

FATCA

THE FOREIGN Account Tax Compliance Act is the second US-specific law in the bulk of new regulation. At its core, FATCA proposes a 30% withholding tax on all withholdable payments of persons and entities that fail to disclose US account holders to the Internal Revenue Service (IRS). This means that foreign financial institutions (FFIs) will have to either seal their US operations off into separate incorporated entities or will have to erase critical accounts from their balance sheets.

FATCA's most controversial feature is the necessary disclosure of LPs under the act, which could breach data protection laws in some countries. Compliance with one law that causes non-compliance with another means that FATCA will almost undoubtedly increase administrative costs for funds.

The German BVK portrays the tax law very objectively as "an obligatory duty for foreign financial intermediaries", while others consider it a supranational information gathering exercise.

Koos Teule, director of investment relations at Gilde Buyout Partners, deems FATCA's reach intolerable: "FATCA sounds like a nightmare. I don't think it's going to be effective."

But not everybody is left outraged by the new administrative burden. Isabel Rodriguez, partner as SJ Berwin in Madrid and member of ASCRI's legal and fiscal committee, thinks the reaction is exaggerated: "To be honest, every time a new regulation comes into force we all worry a lot – but in my experience, as soon as we understand the regulation and the procedures that come with it, people adjust, fulfil their obligations and go ahead with business."

Recently, France, Germany, Italy, Spain and the UK have committed to an intergovernmental effort to implement FATCA. This approach was primarily driven by the possible violation of disclosure and data protection laws. The amended regulation foresees reporting to the regional European authorities as opposed to the IRS, and reciprocal automatic exchange in the scope of existing bilateral tax agreements.

KEY FACTS

- Aims to counter offshore tax evasion originating in the US, and increase tax revenue.
- Imposes 30% withholding tax on all withholdable payments in case of non-compliance.
- Passed in March 2010 and due to come into effect on 1 January, 2013:
 - New account due diligence procedures for FFIs will be effective from 1 July, 2013.
- Distinguishes between foreign financial institutions (FFIs) and non-financial foreign entities (NFFE).
- DLA Piper identifies three categories of FFIs:
 - Entities accepting deposits in the ordinary course of a financial business;
 - Entities holding [financial] assets for the account of others;
 - Entities engaging in investment, reinvestment or trading activities.
- In addition DLA Piper identifies a fourth category: US-owned foreign investment vehicles that have to report to the IRS, disregarding other classifications.

FRANCE COULD FORTIFY LEAD OVER UK

Last year's buoyant fundraising activity in France might be one indication the region could consolidate its position ahead of the UK. [Olivier Marty](#) reports

EVER SINCE the bottoming out of both the UK and French markets in 2009, France has been catching up to the UK. However, last year, France also overtook the UK as Europe's hottest fundraising market, despite the UK having previously enjoyed a ratio of three-to-one fund closes against France.

Looking at the figures closely, the ratio of fundraises to France's deal activity was smaller than in the UK from 2009 to 2011, meaning France completed more deals per fund close in a given year. And last year, France confirmed the positive correlation of the number of fund closes with deal values, while the UK had declining fund raises and concomitant deal values.

Also, although French fundraising activity was concentrated around two main funds – Astorg V (closing on a little more than €1bn in June 2011) and Chequers Capital XVI (attracting €850m in July 2011) accounting for 63% of the yearly total – many on the fundraising trail could also be found investing in 2011. Astorg and Apax France contributed the most to total deal value, with Rothschild (EDRIP) and Bridgepoint in third and fourth place, respectively.

By contrast, the UK scene reveals a much more distinct pattern in this regard. Those that raised funds were conspicuously absent from deal doing. The largest final closes last year (Montagu on €2.5bn and

Park Square on €850m) did not record any UK deal activity (both are admittedly pan-European houses), with LDC, Bridgepoint and HIG Capital leading the pack.

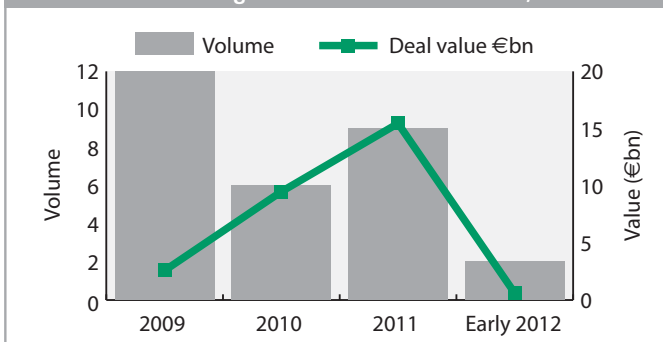
This trend does reveal a traditionally more competitive landscape in the UK and shows that the French scene is increasingly dominated by large and reputable firms; but it might also highlight that France has stopped being puzzled by the post-crash period and found its way more easily in terms of deal sizes and sectors invested.

Lower deal sizes and key sectors in France

Apax France's €105m investment in Groupe Amplitude last June, together with a high number of buyouts valued at around the €150m mark, could be an illustration of renewed robustness of the €50-250m deal bracket. Indeed, the flight to the lower mid-market and, to a lesser extent, the upper mid-market, has been more sustained in France than in the UK, where the segment collapsed after a rise in 2010.

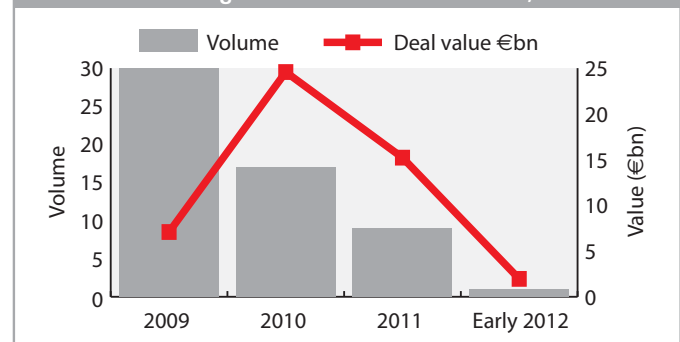
The French €25-50m deal bracket fell by a third from 2010 to 2011. But according to Olivier Moatti, partner at Abénex Capital: "This is also because 2010 was a good year and acted as a testament to the unpredictable timing of closings." He added, "Small-cap deals are likely to increase in 2012, as the prospering activity of

France fundraising volume and deal value, 2009-2012



Source: unquote™

UK fundraising volume and deal value, 2009-2012



Source: unquote™

this bracket until March shows.” By contrast, the lower mid-market above €50m slowed.

Also, the €500m+ deal bracket actually persevered well, with deals in electronic equipment, construction (Microconnections, Photonis) and real estate (Foncia), after the large fall between 2008-2009. In contrast, the UK’s fell again in 2011 with just four deals recorded in this segment, mostly in support services (Capital Safety Group and Environmental Resources Management).

France made a resounding comeback in the large buyout segment (€1bn+) with the SPIE (€2.1bn) and Oberthur (€1.15bn) deals. The UK failed to keep up, recording fewer very large deals.

As Tarique Shakir-Khalil, head of PricewaterhouseCoopers Corporate Finance in Paris, states: “Huge orders recently placed in the aeronautic sector provide suppliers with the means to drive further consolidation through M&A,” while “other sectors, such as healthcare, financial services and education, have been buoyant and should continue to provide further deal opportunities”.

Vendors

Vendors also differ in the UK and France as far as buyouts are concerned. While both have seen a strong rise in SBOs, corporate divestments have been increasing and now make up 17% of volume in the UK, in contrast to just 11% in France.

Shakir-Khalil confirms that corporates “are keen to actively manage their portfolios and to reinforce their balance sheets” and the French market will see many foreign sellers in 2012. It is often a “logical move” for foreign parents to first sell their subsidiaries abroad rather than in their core domestic markets, just as “French groups themselves do with their own foreign subsidiaries”.

Prospects

France has recorded 17 deals since the year started, with numerous expansions, and all in the lower mid-market. Large players (IK Investment Partners, AE Management, and AXA Private Equity) have all been active. By contrast, the UK was home to an impressive 39 deals, with the vast majority in lower mid-market buyouts. A sector breakdown reveals a bias towards service. Only one of these so far has exceeded €500m (CPA Global backed by Cinven).

Of course, a common challenge to UK and French GPs will be to continuously prove their pertinence in the current climate, to raise funds, and sometimes to rejuvenate some of the older LP structures. Shakir-Khalil notes France, for example, is innovating, as illustrated by the rise in “family offices providing permanent funds, which, as with evergreen listed funds, enable such investors to take a longer term view”.

The UK, for its part, is testing some deal-by-deal structures or listed funds, as explored in our cover story (*see page 12*). ■

Keep an eye on Southern Europe venture

SOUTHERN EUROPE deserves increasing attention. For one, the region proved to be one of the most resilient, together with France and the Nordics, since it bottomed out of the crash in 2009. Since then, values went up by 178% from 2009 to 2011 to €10.3bn, while volumes increased by 83% over the same period.

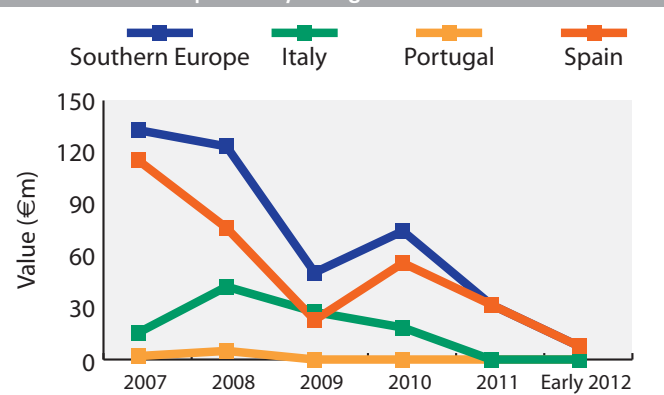
The boost has been largely driven by Italy, which completed fewer deals than Iberia, but at a strong average value of €102m in 2011 against a mere €43m averaged in Spain and Portugal.

Activity in early 2012 has been overwhelmingly in favour of Spain, which has recorded six deals so far, including the Rioglass Solar buyout, which at €15m is currently the year’s largest in Southern Europe. Despite this, Italy should come to the fore on the venture scene owing to a governmental push. As *unquote* Analysis highlighted last issue, the Italian government has been promoting this segment as part of its “Grow Italy” programme. The new regulation will target businesses headquartered in Italy and held by individuals, that receive up to €2.5m investment per annum.

Early-stage activity should be on the increase as the segment in Southern Europe has been on the wane since the crisis took its

toll (*see graph, below*). It is currently driven by Spain but feeble in both Italy and Portugal. The success of structural reforms in these countries as well as growth and competitiveness in Europe will partly depend on the ability of entrepreneurship to flourish.

Southern Europe early-stage deal values 2007-2012



Source: *unquote*

Doughty Hanson founder passes

NIGEL DOUGHTY died at his home on 4 February, aged 54.

Mr Doughty and Richard Hanson founded the buyout firm Doughty Hanson over 20 years ago. The pair met in the 1980s while working at Standard Chartered, where they were responsible for building the bank's European buyout unit before taking the decision to go it alone in 1986.

Since its launch, the firm has focused on businesses with enterprise values between €250m-1bn, usually based in Western Europe. Notable investments include the acquisition of administration services provider TMF from Silverfleet Capital for €750m in 2008 and the buyout of cinema chain Vue Entertainment for £450m in 2010.

According to *unquote* data, the average cheque Doughty Hanson wrote was £154m.

Mr Doughty also owned Nottingham Forest football club. He bought the club for £11m in 1999, saving it from administration. Since the initial acquisition,

he invested almost £100m of his personal wealth into the club. During his time as chairman, the club was promoted back to the Championship league. He stood down as the club's chairman in October 2011, but remained its owner.

Mr Doughty was also a committed financial backer and adviser of the Labour party. In the last seven years, he is reported to have donated more than £3m to it. In June 2011, he was one of 22 business advisers to advise shadow business secretary John Denham on issues relating to regulation, intervention and procurement. Last year, Mr Doughty was reported as having urged Labour to develop a progressive tax system, setting him apart from current criticisms of the private equity industry.

In a statement Doughty Hanson said, "We are tremendously sorry to learn of the death of Nigel Doughty at home. Our thoughts are very much with his family at this time."

HIG opens in Madrid

HIG CAPITAL has opened a Madrid office and appointed Jaime Bergel as managing director to lead its operations in Spain.

Bergel was previously the founder and chief executive of Spanish private equity firm Gala Capital. Prior to that, he was a managing director and head of Spain for Goldman Sachs and Merrill Lynch.

Despite short-term challenges in Spain, HIG Capital believes that in the long run the economy will recover. The firm sees many attractive businesses in the country and expects to be an active investor in the region.

KKR hires Morgan Stanley executive

KKR HAS appointed former Morgan Stanley infrastructure executive Vincent Policard as a director in its infrastructure team.

Policard will be based in London and will source and execute transactions in the European infrastructure sector.

He joins from Morgan Stanley, where he recently spent three years on its infrastructure fund. Prior to that role, he spent nine years in Morgan Stanley's investment banking division and three in the investment banking division at BNP Paribas, Frankfurt.

3i's Kerr now at LDC Shore Capital boosts capital markets team

MARK KERR has been appointed director of LDC's Scotland team, based in Aberdeen.

Kerr, who will lead LDC's oil & gas sector investments, joins from his position as co-head of 3i's oil, gas and power team.

After studying mathematics at Glasgow University, Kerr became an actuary in 1991. He spent six years at Scottish Provident in Edinburgh and Madrid, and holds an MBA from Strathclyde Graduate Business School.

LDC committed £50m to its Epi-V oil & gas fund in July 2011, bringing the capital commitment since 2007 to £110m.



Mark Kerr, director, LDC Scotland

SHORE CAPITAL has announced several additions to its capital markets team.

The equity sales team has had three new appointments. David Izzard joins from MF Global. He previously worked in senior equity sales roles at investment banks including JP Morgan.

Philip Kerr was a director at Evolution Securities for the Nordic region.

Elliot Shaw joins having specialised in servicing Swiss PE banks and family offices for Eden Financial and Insinger de Beaufort.

Meanwhile, Alex Stewart has joined to provide income services for institutions analysing dividend-paying equities. He previously worked at Dresdner Kleinwort and Evolution Securities.

Carlyle MENA boss quits over strategy; Deldağ and Nasir named replacements

CARLYLE'S HEAD of the Middle East and Northern Africa, Walid Musallam, has stepped down. Reports suggest the resignation follows disagreement over the closure of Carlyle's office in Egypt amid political instability.

Managing director Musallam was also responsible for its \$471m fund, which closed in 2007.

Musallam joined Carlyle in 2006 from his previous position as chief executive for the Abu Dhabi Investment Company. Prior to that, he was chief executive of Middle East Capital Group and managing director of the US-based Infrastructure Finance Group.

He was also responsible for Carlyle's \$471m fund which closed in 2007.

Can Deldağ, head of Carlyle Turkey, and Firas Nasir, head of Carlyle GCC, have been appointed co-heads of Carlyle MENA.

In contrast to Musallam's implication



Firas Nasir, co-head, Carlyle MENA

that shutting Carlyle's Egypt office indicated a strategy shift, Carlyle said the appointments highlight its strategy in the MENA region, focusing on Turkey and the Gulf Cooperation Council (GCC) region.

Deldağ and Nasir joined Carlyle in 2007. Previously Deldağ was senior partner and head of transaction advisory



Can Deldağ, co-head, Carlyle MENA

services at Ernst & Young Turkey. He read management engineering at Istanbul Technical University.

Nasir came from Credit Suisse First Boston, where he specialised in M&A. He holds an MBA from Wharton and an MSc in mechanical engineering from Columbia University.

New associate for Corbett Keeling

CORBETT KEELING has appointed Mike Campbell as an associate in the firm's engineering & industrial sector team. Corbett Keeling now employs five full-time professionals and 23 associates. The team completed four deals last year.

Campbell's experience includes management consulting and M&A advisory with a focus on electronic technology. He was previously managing director of Ferranti Capital where he advised on a number of cross-border Chinese M&A deals in the engineering,

industrial and technology sectors. Campbell has also worked extensively in China.

Campbell is the founder and managing director of Campbell Ventures – an international advisory and management consulting company, specialising in accelerating the growth and performance of engineering and industrial businesses organically, as well as through strategic partnerships and M&A.

Campbell Ventures also provides specialist advice to Chinese companies on international expansion strategies.

Investec expands Growth & Acquisition Finance team

INVESTEC HAS announced the appointment of Shaun Mullin to the firm's Growth & Acquisition Finance (GAF) team.

Mullin will be concerned with senior debt and mezzanine, equity, and integrated financing for entrepreneurs and PE firms.

The Growth & Acquisition Finance team is part of Investec Specialist Bank. The division's head is Ed Cottrell.

Prior to this appointment, Mullin was director of the debt finance team at Barclays, where

he focused on mid-market LBOs, take-privates and cross-border acquisition finance.

Before that, he worked in Barclay's financial sponsors team, in leveraged financed transactions at WestLB and at ANZ Banking Group in New Zealand.

Investec GAF exited Big Bear Group this time last year in a £82m sale to Finnish food producer Raisio, generating 5x money and a 37% IRR for the group.

Paris partner for Hogan Lovells

HOGAN LOVELLS has appointed Xavier Doumen as a partner at the private equity firm's practice in Paris.

Doumen will work alongside Stéphane Hutten. He joins the company from Willkie Farr & Gallagher, where he worked on private equity and M&A transactions.

Doumen holds an MBA from ESSEC Business School, France, and a masters in corporate law from the Pantheon-Sorbonne University.

The practice's recent advisory roles include advising Kelso Place on the acquisition of fashion brand Nicole Farhi and advising the Phadia management team on its acquisition by Thermo Fisher Scientific from Cinven in a deal worth around €2.47bn.



Xavier Doumen,
partner, Hogan
Lovells

COO for First Reserve London

FIRST RESERVE has appointed Claudi Santiago as managing director and chief operating officer in its London office, in a bid to strengthen its European presence.

Santiago is the first person to hold a COO position at the firm.

Prior to this appointment he spent 30 years at General Electric, where he was vice-president, as well as president and chief

executive of GE Oil & Gas – a role he held since 1999.

Connecticut-based First Reserve is a dedicated energy investor established in 1983 that has since raised more than \$23bn of capital. In September the firm completed its first deal in Eastern Europe, investing in Romanian oil & gas company Amromco Energy.

SJ Berwin partner moves to Reed Smith

REED SMITH has hired SJ Berwin partner Justus Binder as head of its German PE practice.

Binder joins from SJ Berwin, where he founded its Munich office 12 years ago. He studied at the universities of Freiburg and Munich and holds a Dr Jur degree.

Reports suggest the hire is part of a European expansion, targeting Munich for its concentration of technology and media companies.



Justus Binder,
MD, Leonardo

GCP appoints 3i executive as director

GROWTH CAPITAL Partners (GCP) has appointed Kirsty McDonald as investment director.

Prior to joining GCP, McDonald spent five years at 3i.

Previously, she worked at Trinity Mirror plc, focusing on corporate acquisitions.

GCP provides UK SMEs with £5-50m in MBOs, development capital deals as blended equity, and debt. It currently manages £200m.



Kirsty McDonald,
investment director,
GCP

EVCA appoints head of communications

THE EUROPEAN Private Equity and Venture Capital Association (EVCA) has appointed Emma Thorpe as its head of communications.

Thorpe will be based in London and Brussels, handling public relations and membership communications. She replaces Ross Butler who left to join LPEQ.

Before joining EVCA last year, she was director of European communications for The Carlyle Group.

DC Advisory hires executive director

DC ADVISORY has recruited Andrew Strudwick as an executive director in its European financial sponsors group.

Strudwick joins from 3i, where he worked as an investment director since 2006. He co-founded the private equity house's UK TMT team. He also spent six years as a director at PricewaterhouseCoopers. He will be based in London for this new position.

Leonardo gets new MD for Paris office

EUROPEAN INVESTMENT banking firm Leonardo & Co has hired Eric Toulemonde as managing director in its Paris office.

Toulemonde spent the past 13 years advising on M&A at Rothschild, where he was also managing director; he notably worked on the sale of Yoplait by PAI partners and the buyout of Courtepaille by Fondations Capital.

Prior to this, Toulemonde started his career in 1995 at Banexi, where he worked for three years in its Milan and Paris offices.

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BC European Capital IX €6.5bn close

BC PARTNERS has closed its ninth European Capital fund at the vehicle's €6.5bn hard-cap.

Initial fundraising emerged in January 2010, as BC Partners' eighth European fund was approaching maturity. A first close was held at €4bn in March 2011, followed by a second close at €5.5bn in July. BC Partners has now held a final close at the fund's €6.5bn hard-cap, €500m above target.

Carry and hurdle are in line with industry standards. Those investing in the first close were offered a 5% discount on management fees. No placement agent has been used.

The vehicle will mirror the strategy employed in its previous BC European Capital VIII fund, which closed at €5.5bn in May 2005.

Non-European investors contributed around 70% of the committed capital – 40% from North American LPs and 30% from Asia and the Middle East. European investors contributed to the remaining 30% of raised capital.

Pension funds were the main type of contributor at 37%, followed by sovereign wealth funds at 25% and funds-of-funds at 12%. The remaining 26% consisted of

BC European Capital IX	
FUND	€6bn
ANNOUNCED	January 2010
CLOSED ON	€6.5bn, February 2012
FOCUS	Europe
FUND MANAGER	BC Partners

a range of institutions, including banks, insurance companies, endowments and foundations.

The first investment from the fund was made around its second close in July, when BC Partners acquired Swedish cable TV company Com Hem in a tertiary buyout. The deal was valued at an estimated SEK 17bn.

Danske's PEP V in €534m first close

DANSKE PRIVATE Equity Partners has announced the first close of its fund-of-funds Danske PEP V on €534m. The final close is expected in spring 2012. The 10-year fund's target was set at €600m and Danske expects to reach its €650m hard-cap. Fees and carry correspond to industry standards.

Commitments to the fund primarily came from Nordic institutional investors.

The fund will invest in small- and mid-

cap buyout funds. It will also consider secondaries opportunities and could co-invest with other funds in Danske's portfolio.

Approximately half of the raised capital will be invested across Western Europe, while the other half will be invested in North America. This investment strategy is similar to previous Danske PEP funds.

John Danielsen, managing partner, led the fundraising for Dansk.

Danske PEP V	
Fund	€600m
Announced	2011
Closed On	€534m
Focus	Buyout funds
Fund Manager	Danske Private Equity Partners

Troika launches tech venture fund

TROIKA VENTURES, backed by parent company Sberbank of Russia, has launched a \$100m technology venture fund.

Sberbank committed \$100m to the fund. It is looking to increase the vehicle's size to \$500m alongside international LPs.

Troika Ventures will invest in high-tech companies and projects within and outside of Russia. Investments will be applied to Sberbank Group's operations, thereby making it a consumer of, as well as investor in, the technologies. It has also offered support

Troika Technology Ventures	
Fund	\$500m
Announced	3 February 2012
Focus	High-tech
Fund Manager	Troika Ventures

to future portfolio companies from its Technology Research Centre.

E-Capital III breaks second close target

E-CAPITAL'S LATEST fund has held a close of its latest fund E-Capital III, above target at €95m. The fund's target was €80m with a €100m hard-cap.

The fund was announced in early 2011 and held first close in June of that year on €65m. Fundraising will end before June 2012.

The European Investment Fund committed €12.4m to the vehicle. Two-thirds of commitments came from private investors, while institutional investors contributed the rest.

Investments from the fund will target companies with €10-50m annual turnover.

E-Capital III

Fund	€80m
Announced	January 2011
Closed On	€95m
Fund Manager	E-Capital

MTI launches university spin-out fund

MTI HAS launched the Orion Fund to support spin-outs of top-tier technology universities in the UK.

The fund is a partnership between MTI and three technology transfer offices (TTOs) of selected technology research institutions in the UK.

The fund is expected to hold first close in the third quarter of 2012.

Investments from the Orion Fund will primarily target spin-outs from the University of Manchester (UMI3), University of

Edinburgh (ERI) and University College London (UCL Business PLC). It will also consider investments in partnership with the TTOs of Oxford and Cambridge.

The investment strategy will be MTI's proof of principle investment programme (PoP) that provides pre-seed funding.

MTI's last fund, UMIP Premier Fund, raised £32m and was dedicated to spin-outs from the universities of Southampton, Manchester and Oxford.

Upon raising the fund, Sir Richard

Orion Fund

Fund	£100-150m
Announced	February 2012
Focus	University spin-outs, technology
Fund Manager	MTI

Heygate, Natasha Oppenheim, Dominic Perks and Paul Ratcliff will be promoted to partner. They are all members of the fundraising team at present.

David Ward, managing partner at MTI, was also involved in setting up the fund.

Constellation closes new fund

SWITZERLAND-BASED PRIVATE equity firm Constellation Capital has closed Constellation III German Asset Light SICAV-FIS (Luxembourg) Private Equity Fund, with the possibility of raising further commitments at a later date.

The fund will invest "light asset" service companies based in the DACH region over the next 12 months. Target companies will be those that generate revenues between

€20-150m in fragmented markets. It will pursue buy-and-build strategies.

New private and institutional investors joined previous investors in Constellation funds. The fund will have a 3-5 year life.

Constellation invests in education and lifestyle, business services, healthcare and financial services in German-speaking Europe. Ralf Flore is managing partner at the firm.

Constellation III German Asset Light SICAV-FIS (Luxembourg) Private Equity Fund

Announced	December 2011
Focus	DACH, services companies
Fund Manager	Constellation Capital

pan-European deal index

SECTOR	COMPANY	TYPE	EQUITY LEAD	COUNTRY	VALUE
CONSUMER	Attends Healthcare	Trade sale	Rutland Partners	UK	€180m
	Volotea	Early-stage	CCMP Capital <i>et al.</i>	Italy	€50m
	Stylistpick	Expansion	Fidelity Growth Partners <i>et al.</i>	UK	\$11m
	Footway	Early-stage	Industrifonden	Sweden	SEK 28m
	Rosner Fashion	Expansion	BayBG	Germany	<€25m
	Babeau Seguin	Acquisition finance	NiXEN <i>et al.</i>	France	<€25m
	EasyPark	MBO	Verdane Capital Partners	Sweden	<€10m
	Love Home Swap	Expansion	MMC Ventures	UK	£850,000
	Chapellerie Herman	Expansion	Europe et Croissance	Belgium	€750,000
	Fiskarhedenvillan	SBO	Litorina	Sweden	n/d
	Hawkin's Bazaar	MBO	Primary Capital	UK	n/d
	Natural Products	Buyout	Inflexion Private Equity	UK	n/d
	L.O.G.	Buyout	Credo Kapital	Norway	n/d
	Zalando	Expansion	DST Global	Germany	n/d
	Ibis Acam	Expansion	Constellation	Austria	n/d
FINANCIALS	Quilter	MBO	Bridgepoint	UK	£170m est
	360T	Replacement capital	Summit Partners	Germany	<€50m est
	Debt Line	BIMBO	Milestone Capital Partners	UK	n/d
	Hawksford	Acquisition finance	Dunedin	UK	n/d
	FNZ	SBO	General Atlantic	UK	n/d
	A&A Group	MBO	Darwin Private Equity	UK	n/d
HEALTHCARE	USP Hospitales	SBO	Doughty Hanson	Spain	€355m
	EOS Imaging	IPO	EdRIP <i>et al.</i>	France	€120m
	Amplitude	SBO	Cathay Capital <i>et al.</i>	France	€30m
	Prosenia	Early-stage	New Enterprise <i>et al.</i>	Netherlands	€23m
	Raphael Healthcare	Refinancing	RJD Partners	UK	£9.1m
	Aeon Astron Europe	Early-stage	Innovatiefonds MKB+	Netherlands	€3m
	CN Creative	Expansion	Advent Life Sciences	UK	£2m
	Acuitas Medical Limited	Expansion	Altima Partners <i>et al.</i>	UK	>£1m
INDUSTRIALS	OakLabs	Early-stage	HTGF	Germany	n/d
	Dynaco	Trade sale	KBC Private Equity	Belgium	€75-125m
	Mita-Teknik	MBO	Axcel	Denmark	DKK 400-700m
	Wento	Buy-and-build	Enterprise Investors	Poland	€40m
	Verdesis	Expansion	BeCapital	France	€25m
	Durobor/Sobodex Group	Buy-and-build	H2 Private Equity Partners	Belgium	<€50m

pan-European deal index

SECTOR	COMPANY	TYPE	EQUITY LEAD	COUNTRY	VALUE
INDUSTRIALS	Arena	Expansion	MML Capital	UK	£16.5m
	AEMI	OBO	CAPE	France	<€15m
	Viscose Closures	MBI	Finance Wales	UK	£5m
	Plebac	MBI	FSI Régions	France	<€5m
	Bovema Glas BV	Buyout	Rabo Private Equity	Netherlands	<€5m
	Haarslev Industries	SBO	Altor Equity Partners	Denmark	n/d
MEDIA	Factory Media	Trade sale	Foresight Group	UK	£8m
SERVICES	Talaris	Trade sale	Carlyle	UK	£650m
	Parabis	Buy-and-build	Duke Street	UK	£150-200m
	Pertemps Network Group	MBO	LDC	UK	£112m est
	Faber Personeelsdiensten	Buyout	Bencis Capital	Netherlands	€25-50m
	BPI	Replacement capital	Perceva Capital	France	€5-15m
	Izeos	Expansion	Newfund	France	<€5m
	MEDUDEM	Expansion	investiere	Switzerland	CHF 815,000
	Channel Intellect	Expansion	North West Fund	UK	n/d
TECHNOLOGY	Orange Austria	Trade sale	Mid Europa Partners	Austria	€1.3bn
	Consort NT	SBO	EPF Partners <i>et al.</i>	France	€60m
	Multiposting	Buyout	Latour Capital	France	€15-50m
	GCI Telecom	Expansion	BGF	UK	£10m
	Videoplaza	Expansion	Innovacom <i>et al.</i>	UK	\$12m
	flaregames	Early-stage	Accel Partners <i>et al.</i>	Germany	€6m
	AlienVault	Expansion	Trident Capital <i>et al.</i>	Spain	\$8m
	TeraView	Expansion	YFM Equity Partners <i>et al.</i>	UK	\$5.5m
	Lineup Systems	Expansion	NVM Private Equity	UK	£3m
	Fantasy Shopper	Early-stage	Accel Partners	UK	\$3.3m
	Zyncro	Expansion	Active Venture Partners <i>et al.</i>	Spain	€1.6m
	eSellerPro	Expansion	Notion Capital	UK	£1m
	GoCardless	Expansion	Accel Partners <i>et al.</i>	UK	\$1.5m
	TBS Group	Expansion	Entrepreneur Venture	France	€1m
	Caseking	Acquisition finance	Afinum	Germany	<€50m
	Prevero	Expansion	BayBG	Germany	<€25m
	MentecPlus	Trade sale	Better Capital	UK	<£25m
	Conceptboard	Early-stage	HTGF <i>et al.</i>	Germany	<€25m
	Actuera	SBO	Main Capital	Netherlands	n/d

funds raising

A	Austria	D	Germany	ES	Spain	I	Italy
BE	Belgium	DEN	Denmark	F	France	LX	Luxembourg
CH	Switzerland	EL	Ireland	FIN	Finland	NL	Netherlands

Group	Fund name	Base	Target (m)	Close
Active Venture Partners	Active Venture II	ES	n/d	1st
ADM Capital	CEECAT Recovery Fund	UK	€300	1st
AFINUM Management GmbH	AF Eigenkapitalfonds für deutschen Mittelstand GmbH & Co KG	D	€500	1st
Alchemy Partners	Special Opportunities Fund II	UK	£500	1st
Alpha	Alpha Private Equity Fund 6 (APEF 6)	F	€750	1st
Altamar Private Equity	Altamar V Private Equity Program	ES	€250-300	1st
Altitude Partners	Altitude Partners	UK	£15	1st
Alto Partners	Alto Capital III	I	€120-130	1st
Argos Sodic	Argos Expansion	F	€120	1st
Aster Capital	Aster II	F	€120-150	FA
Atlantic Bridge	Atlantic Bridge	UK	€130	1st
Augmentum Capital	Augmentum I	UK	€50	FA
Axcel	Axcel IV	DEN	€3,200	1st
Banexi Ventures Partners	BV5	F	€50-80	1st
Boehringer Ingelheim GmbH	Boehringer Ingelheim Venture Fund (BIVF)	D	€100	FA
Bridges Ventures	Bridges Ventures Fund III	UK	n/d	1st
Cabiedes & Partners	Cabiedes & Partners Fund	ES	n/d	1st
Capman	CapMan Mezzanine V	SWE	€150	1st
Capricorn Venture Partners	Capricorn Health-tech Fund	BE	n/d	1st
Carlyle Group	Carlyle Global Financial Services Partners	US	n/d	1st
CDC Entreprises	FCPR FSN PME	F	€400	FA
Centre for the Development of Industrial Technology (CDTI)	Innvierte	ES	€500	FA
Covesco German Seed Fund GmbH & Co KG	German Seed Fund	D	€50	FA
Creathor Venture	Creathor Venture Fund III	D	€80	1st
Credit Agricole Private Equity	Capenergie II Renewable Energy Fund	F	€200	n/d
Credo Ventures	Credo Stage I	CZ	€20	1st
Cross Road Biotech	CRB Bio II	ES	€60	FA
Danske Private Equity Partners	Danske PEPV	D	€600	1st
Diana Capital	Diana Capital II	ES	€175	FA
Earth Capital	ECP Renewable Energy Fund One	UK	€750	1st
E-Capital	E-Capital III	BE	€80	2nd
EMBL Ventures	EMBL Technology Fund II (ETF II)	D	>€50	1st
Eurolight Ventures	Eurolight Ventures Fund	ES	€80-90	FA
European Bank for Reconstruction and Development (EBRD)	EBRD Programme	UK	€100	1st
F&C	F&C Climate Opportunity Partners	UK	n/d	1st
FF&P Private Equity	FF&P Investor 3 LP	UK	n/d	1st
Foresight Group	Foresight Environmental Fund	UK	£200	FA

funds raising

NOR P PL	Norway Portugal Poland	RO SWE TR	Romania Sweden Turkey	UK US FA	United Kingdom United States Fund announced	FC 1st 2nd	Final close First close Second close
Amount (m)	Date	Stage	Region	Contact	Tel No		
€25	Jan-11	Early-stage, expansion - technology	ES, D, Scandinavia	Christopher Pommerening	+34 93 487 6666		
€100	Apr-10	Buyout, distressed companies	CEE, Central Asia, Turkey	n/d	+44 207 529 5008		
€200	Aug-10	Expansion, small- and mid-cap	D	n/d	+49 89 255 433 01		
£280	Aug-10	Buyout, distressed companies	Europe	Ian Cash, Frits Prakke	+44 207 240 9596		
€500	Jul-11	Buyout, mid-market	F, I, BE, NL, CH, D, A	Patricia Desquesnes	+33 1 56 60 20 20		
€120	Sep-11	Funds-of-funds	Europe, US, Asia	Claudio Aguirre	+34 91 310 72 30		
£7	Apr-11	Buyout	UK	Simon White, Jonathan Simm	+44 23 8030 2006		
€80	Oct-11	Buyout, expansion, Italian SMEs	I	Raffaele De Courten	+39 02 7209504		
€45	Jul-10	Mezzanine	Europe	Olivier Bossan	+33 1 53672050		
n/d	Feb-11	Early-stage - technology	Europe, US, Asia	Jean-Marc Bally	+33 1 45 61 34 58		
€85	Nov-10	Buyout, expansion - technology	Europe	n/d	+353 1 603 4450		
n/d	Aug-10	Expansion, small- and mid-cap - technology	UK, HK	Richard Matthews	+44 20 7514 1983		
n/d	Mar-10	Buyout	Nordic	Christian Frigast	+45 333 66 999		
€50	Oct-11	Early-stage, expansion - technology	F, CH	Jacqueline Renard	+33 1 73 02 89 66		
n/d	Apr-10	Early-stage - healthcare	Europe	Michel Pairet	+49 32 77 8740		
n/d	Dec-11	Early-stage, expansion	UK	Philip Newborough	+44 20 7262 5566		
€25	Mar-11	Early-stage - technology	ES	José Cabiedes	+34 670 278 750		
€60	Sep-10	Mezzanine, mid-market	Nordic	Niklas Östborn	+46 8 545 854 70		
€42	Dec-10	Early-stage, expansion - healthcare	Europe	n/d	+32 16 28 41 00		
\$1,100	Apr-10	Buyout, expansion	Global	James Burr	+1 202 729 5626		
n/d	Jun-11	Expansion	F	Daniel Balmes	+33 1 58 50 73 07		
€250	Oct-10	Early-stage - technology	ES	n/d	+34 91 581 55 00		
n/d	Apr-10	Early-stage - technology	DACH	n/d	+49 8683 33698 16		
€51	Sep-11	Early-stage	D, F, A, CH	Gert Köhler	+49 6172 13 97 20		
€120	Dec-11	Expansion - renewable energy, infrastructure	Europe	n/d	+33 1 43 23 21 21		
€11	Nov-10	Early-stage	Europe	n/d	+420 222 317 377		
€12	Nov-10	Early-stage - biotech	ES	n/d	+34 91 446 78 97		
€534	Feb-12	Funds-of-funds	Western Europe, North America	John Danielsen	+45 3344 6329		
€100	Jan-11	Buyout, expansion	ES	Javier Fernández Las Heras	+34 914 262 329		
n/d	Jan-10	Expansion - renewable energy, infrastructure	EMEA	Ben Cotton	+44 20 7811 4500		
€95	Feb-12	Buyout	Benelux	Jérôme Lamfalussy	+32 2 642 20 00		
€40	Dec-11	Early-stage	DACH	Stefan Herr	+49 6221 389 330		
n/d	Feb-11	Early-stage - photonic SMEs	Europe	Victor Sunyer	n/d		
n/d	Dec-11	Early-stage, expansion - technology	Europe, mainly Mediterranean	n/d	+44 20 7338 6000		
€30	Oct-11	Funds-of-funds - climate change	Europe	Hamish Mair	+44 20 7628 8000		
£47	Jun-11	Buyout, expansion	UK	Henry Sallitt, David Barbour	+44 20 7036 5722		
£70	Mar-11	Early-stage - recycling and renewable energy	London	Matt Taylor	+44 1732 471 804		

funds raising

Group	Fund name	Base	Target (m)	Close
Gamesa	Gamesa Fund	ES	€50	FA
General Motors	General Motors Ventures	US	\$100	FA
Grupo Inveready	Inveready First Capital I	ES	€5	FA
I2BF and VTB	Nanotech fund	UK/ RU	\$100	FA
IDeA Capital Funds	IDeA Energy Efficiency and Sustainable Development	I	€100	FA
Inter-Risco	Fundo Inter-Risco II	P	€150	1st
Intesa Sanpaolo	Atlante Private Equity	I	€250	1st
Kernel Capital	Bank of Ireland MedTech Accelerator Fund	UK	€10	FA
Legal & General Ventures	LGV 7	UK	n/d	1st
Life Sciences Partners	LSP Life Sciences Fund N.V.	NL	€250	FA
Longbow Capital	Longbow Approved EIS Fund	UK	€10	FA
Maven Capital Partners	Scottish Loan Fund	UK	£150	1st
Mediterra Capital Management	Mediterra Capital Management Fund	TR	\$360	1st
Meidlinger Partners	Meidlinger Water Investments,	US	\$100	1st
Midven	Exceed - Midlands Advantage Fund	UK	€18	FA
Mountain Cleantech	Mountain Cleantech Fund II	CH	€100	1st
MTI	Orion Fund	UK	£150	FA
Nazca Private Equity	Fondo Nazca III	ES	€150	1st
Nextstage	FCPI Nexstage Cap 2016	F	€25	FA
NIBC	NIBC Growth Capital Fund II	NL	€200	1st
Northzone Ventures	Northzone VI	NOR	€150	1st
Panoramic Growth Equity	Panoramic Enterprise Capital Fund I (PECF I)	UK	£38	1st
Partech Ventures	Partech International VI	F	€120-140	1st
Perceva Capital	Perceva Capital	F	n/d	n/d
Pontis Capital	PGC II	A	€60	1st
Riva y Garcia and Official Medical College of Barcelona (COMB)	Healthequity	ES	€15-20	FA
SAM Private Equity and Robeco	Robeco SAM Clean Tech Private Equity III Fund	CH	\$500	1st
SEED Capital Denmark	SEED Capital Denmark II Fund	DEN	DKK 750	1st
Sepides	Enisa Fespyme Sepides	ES	€15	FA
Sherpa Capital	Sherpa Capital	ES	€30	FA
SODENA	Nabio	ES	€600	FA
Steadfast Capital	Steadfast Capital Fund III	D	€250	1st
Suanfarma	Suan Biotech II	ES	€30	FA
Sunstone Capital	Sunstone Technology Ventures Fund III	DEN	€100	1st
Synergo SGR	Sinergia II	I	£350	FA
The Steve Leach Partnership	The Steve Leach Partnership	UK	£20	FA
Troika Ventures	Troika Technology Ventures	RU	\$500	FA
VNT Management	Power Fund III	FIN	n/d	1st
WestBridge	WestBridge SME Fund	UK	€50	1st
Wise	Wisequity III	I	€170-200	2nd

funds raising

Amount (m)	Date	Stage	Region	Contact	Tel No
n/d	May-11	Early-stage, expansion - renewable technology	Global	David Mesonero	+34 944 03 73 52
n/d	Jun-10	Early-stage	US, Europe	Jon Lauckner	+1 313-667-1669
€3	Oct-10	Early-stage - technology	ES	Ignacio Fonts	+34 93 447 30 63
\$50	Oct-10	Early-stage - technology	Russian, Kazakhstan	Ilya Golubovich	+44 20 3405 1974
n/d	Nov-10	Buyout, expansion - cleantech	I, DACH, Israel	n/d	+39 02 2906 631
€75	Nov-10	Buyout, expansion	P	Miguel de Oliveira Tavares	+351 220 126 700
€150	Jan-11	Buyout - Italian SMEs	I	Walter Comelli	+39 051 6566023
n/d	Feb-11	Early-stage - medical technology	El	Orla Rimmington	+353 21 4928974
£170	Dec-10	Buyout	UK	Nick Marsh	+44 20 3124 2911
n/d	Apr-11	Expansion, small and mid cap - biotechnology	Europe, US	Mark Wegter; Joep Muijters, Geraldine O'Keeffe	+31 20 664 55 00
n/d	Feb-10	Early-stage - healthcare	UK	Edward Rudd	+44 20 7332 0320
£94	Mar-11	Mezzanine	Scotland	Andrew Craig	+44 141 206 0104
\$144	May-11	Buyout - mid-market	Turkey	Ahmet Faralyali	+90 212 340 76 34
\$15	Dec-09	Early-stage - cleantech, water, energy	Global	Kevin Brophy	+1 215 701 32 99
n/d	Jul-10	Buyout, small- and mid-cap	UK	n/d	+44 121 710 1990
€23	Oct-11	Early-stage, expansion - cleantech	D, A, CH, Nordics	Jürgen Habichler	+41 44 783 80 41
n/d	Feb-12	Early-stage	UK	Richard Henderson	+44 1727 8849398
€190	Sep-10	Buyout, expansion	ES	n/d	+34 91 7000 501
n/d	Oct-10	Early-stage	F	Marie-Agnès Gastineau	+33 1 53 93 49 40
€100	Sep-11	Buyout - mid-market	D, Benelux	n/d	+31 70 342 5425
€90	Feb-10	Early-stage, expansion	Nordic, Europe	Tellef Thorliefsson	+47 221250 10
£34	Jun-10	Buyout, Early-stage	UK	David Wilson	+44 141 331 5100
€100	Dec-11	Early-stage, expansion - technology	Europe and Silicon Valley	Jean-Marc Patouillaud	+33 1 53 65 65 53
€150	Jan-11	Buyout, special situations	F	n/d	+33 1 4297 1990
€30	Jul-11	Expansion, small and mid-cap - technology	DACH	Gerhard Fiala	+43 1 533 32 33 10
€4	Mar-11	Early-stage - medical services, biotechnology	ES	Borja García Nieto	+34 93 2701212
\$200	Jun-10	Funds-of-funds	US, Western Europe	Francois Vetri	+41 44 653 10 02
DKK 435	Feb-10	Early-stage	Nordic	n/d	+45 88184100
€15	Oct-10	Early-stage	ES	n/d	+34 91 396 14 94
n/d	Oct-10	Buyout, distressed situations	Europe, Latin America	Eduardo Navarro	+34 902 702526
€350	Nov-10	Early-stage - healthcare	ES	n/d	+34 848 421942
€104	Jun-11	Buyout, expansion	DACH, Benelux	Nick Money-Kyrle/Fynamore Advisers	+44 7887 428 639
n/d	Nov-10	Early-stage - biotech	ES	n/d	+34 91 344 68 90
€85	Dec-11	Early-stage, expansion - technology, life sciences	Nordics and CEE	Jimmy Fussing Nielsen	+45 2012 6000
n/d	Mar-10	Buyout	I	Gianfillipo Cuneo	+39 02 859 111
n/d	Dec-10	Early-stage, expansion	UK	Steve Leach	n/d
\$100	Feb-12	Early-stage, expansion - technology	Russia, Europe	Artyom Yukhin	+7 495 258 0534
€42	Nov-11	Early-stage, expansion - cleantech	FIN, Europe	Jarmo Saaranen	+358 (0)6 3120 260
€10	Jul-10	Buyout	Europe	Guy Davies	+44 2920 546250
€140	Dec-11	Buyout, expansion	I	Michele Semenzato	+39 02 854569 204

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