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# The Eurozone, the EU, and the Nordics

**I**N THE *unquote* "Nordic Private Equity Index" only 4% of respondents believe that the Eurozone crisis will have a major impact on the Nordic markets. The region remains isolated, but the Scandinavian countries are uniquely diverse in their approach to European participation. It has been described as a peninsula on its own, shielded from the continent by the Baltic Sea. Nonetheless, sentiments towards Europe vary vastly within the region.

Unsurprisingly, Denmark, being the only Nordic country bordering Western Europe, was first to join the European Community in 1973. Sweden and Finland joined the EU in 1995, following public approval in referendums.

Norway has rejected European participation twice: in a 1972 referendum on the EC (53.5% against), and a 1994 referendum on the EU (52.2% against). While it remains part of the European Economic Area and Schengen Area, it was prominently ignored on euro coins until 2006.

## Single currency currently contested

Finland is the only Nordic country which has opted to join the Eurozone. A Danish referendum in 2000 rejected participation by 53.2% of the votes. Likewise, Swedes voted against the euro by 55.9% in 2003.

Polls have varied over the years, with Norway being consistently against EU participation over the last five years. In October 2011, 72% of Norwegians were against joining the EU, while only 12% responded positively, according to pollster Synovate.

In Sweden, public opinion has largely gone against the euro, apart from a brief period of support in mid-2009. Interestingly, the EUR/SEK exchange rate was at an all-time high over the same period, at around 20% above average. A November 2011 poll by Statistics

Sweden (SCB) revealed 80.4% of Swedes were against and only 11.2% in favour of adopting the European currency.

Denmark seems to be the most euro-positive country, enjoying consistent support for joining the currency until mid-2010. An October 2011 poll by Greens Analyseinstitut revealed 65% against and a comparatively high 29% in favour of Eurozone participation.

Nordic political leaders require popular support before venturing into either the EU or Eurozone. While opinion seems highly responsive to external events, the Nordic populations seem reasonably positive towards Europe.

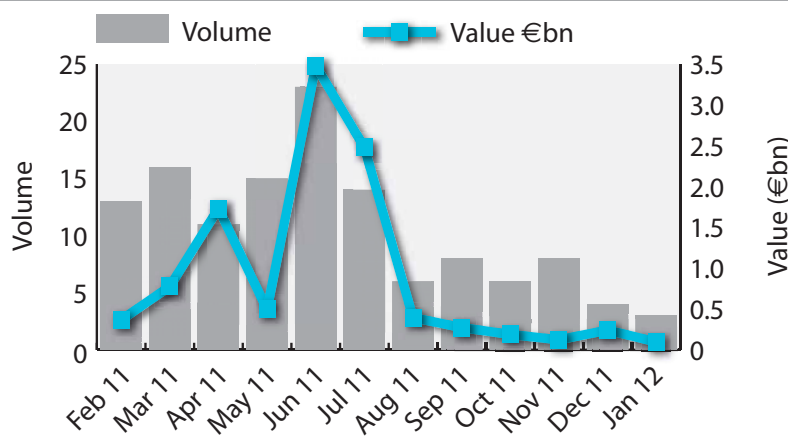


Assuming that the Eurozone's current problems are resolved, and the reputational damage is not too substantial, it would not be unreasonable to expect Denmark and Sweden switching currency at some point in the future. Nonetheless, the timing of a Danish or Swedish referendum would have to be perfect, and Norway remains unlikely to join anything European anytime soon. ■

## Sweden leads with big buyouts

SIMILAR TO France, Nordic activity has been cut into two parts from June onwards and has been rebounding strongly since 2009. The 145 deals worth €11.1bn recorded in 2011 were largely made up of the large Dometic (€1.3bn) and Securitas AB (€2.3bn) buyout deals recorded in Sweden in April and June, whereas Norwegian activity went down to €1.6bn, albeit with numerous lower mid-market €50-250m deals.

Volume and value of private equity deals in the Nordics



Source: *unquote*



*Around three-quarters of commitments for the Nordics' largest funds last year came from foreign investors*  
*Read more on page 6*

## OVERVIEW

unquote.com/nordics

# Risky business: Threats to Swedish PE

**WITH RISK** comes reward. Evidently, that formula works backwards too. The relative success of private equity, compared with other asset classes, has seen non-financial risks to the industry gain momentum in Sweden.

### Reputation

The buyout industry has not escaped unharmed from recent criticism of the financial services. Triton and KKR-backed healthcare provider Carema suffered extensive reputational damage as story after story emerged in local press about patient mistreatment and staff discontent. The company suffered unknown financial damage as care contracts were cancelled by politicians.

Media was quick to draw parallels to the profit-maximisation and value creation methods of private equity ownership. Moreover, the funds' domicile in tax-efficient jurisdictions met fierce criticism as reporters

described how profits were channelled from tax-funded welfare companies to tax havens.

### Regulation

As other asset classes dive, the buyout industry appears to be faring reasonably well. The state has seen this as an opportunity to raise funds for its own coffers. The Swedish minister for finance, Anders Borg, signalled tougher times in mid-October, attacking the industry's tax shields. The gift arrived by Christmas: a bill of up to SEK 1.8bn was handed to a number of IK partners by the tax authority, which resolutely maintains that carry must be taxed as standard income.

In addition, the industry will have to battle with the indirect effects of a regulatory wave moving over Europe. Apart from Basel III and Solvency II, reports suggest that Sweden will be unable to escape a potential European financial transaction tax.

### Law-abiding citizens

The Swedish developments highlight the need for active risk management. Several GPs have come to stress the importance of openness and kept a good dialogue with media.

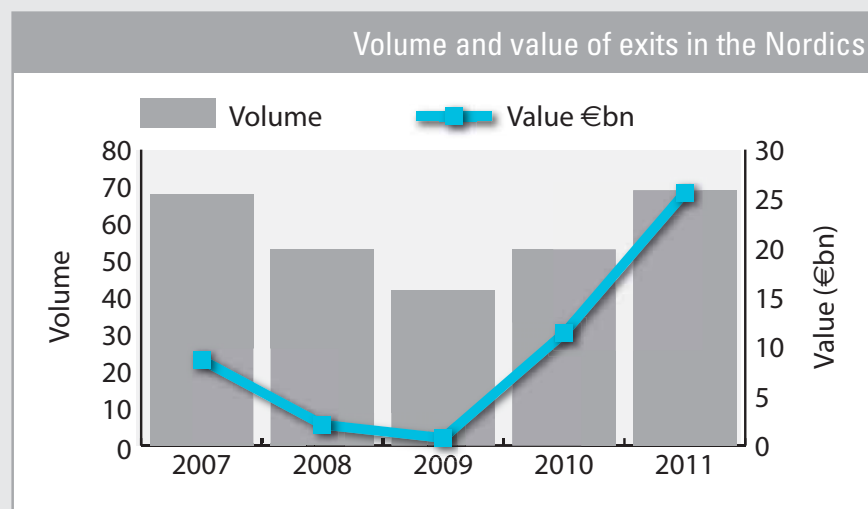
EQT's recent move onshore shows that risk mitigation can cover many bases. The AIFMD allowed EQT to move into the EU without risking double taxation. But it is also safe to assume that the announcement will also be seen as a move away from a "tax haven" and be viewed positively by the public.

Regulation, however, requires the lawmakers to provide a fair and transparent framework for local players. In an increasingly international world, and with the harmonisation of the European single market, the SVCA and GPs have stressed the importance of fair and competitive taxation. However the situation unfolds, *unquote* will follow the developments closely in the coming year. ■

## Mega-buyouts lead to mega-exits

IF 2010 seemed like a good year for Nordic exits, 2011 saw the aggregate value more than double. The lion's share consisted of mega-exits,

including the Nycomed trade sale at €9.6bn, Skype at \$8.5bn, Phadia at €2.5bn, and the partial sale of Gambro's CaridianBCT at \$2.6bn.



Source: *unquote*

In some cases, portfolio companies were merely changing hands, such as Securitas Direct at SEK 21bn, and Com Hem at an estimated SEK 17bn.

Notably, while volume follows an almost perfectly symmetric pattern, with a dip around 2009, the value development is strongly asymmetric, rising significantly over the last couple of years. A plausible explanation is that adverse exit conditions in 2008-2009 pushed exits to 2010-2011.

Moreover, five of the portfolio companies – Com Hem, Gambro, Nycomed, Phadia, and Securitas Direct – were acquired during the buyout boom between 2005-2007. Skype, being the only exception, was bought in September 2009. Com Hem, Gambro and Skype were valued at above £1bn, and the remaining three in the mid- to upper region of £500m-1bn.

# Mega-fundraisings to cause capital overhang?

International investors have driven Nordic fundraising to unprecedented levels, but will deal flow keep up with the dry powder? **Sonnie Ehrendal** investigates



**Benedicte Schilbred Fasmer,**  
Argentum

**F**OLLOWING A relatively busy 2011, Norway and Sweden saw the closing of their two largest ever buyout funds; HitecVision VI, at \$1.5bn, and EQT VI, at €4.75bn. Moreover, Nordic Capital, Triton and IK Investment Partners are all expected to close funds in 2012. Many of these have an explicit strategy to invest in the Nordic or North-European region.

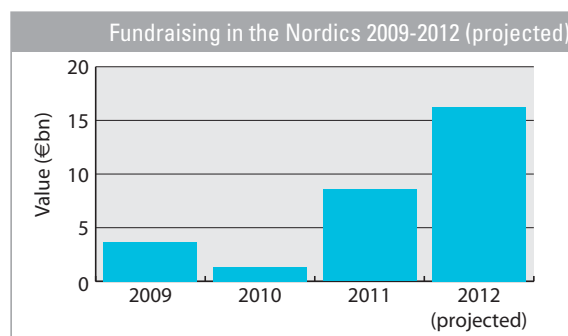
Norwegian fund-of-funds Argentum, which specialises in Nordic private equity, estimates that there is a further €16.3bn in the fundraising pipeline: €15.3bn in buyout funds and €1bn in venture capital funds. It is notable that the four largest buyout funds made up 60% of the estimated total.

Commenting on the data, Benedicte Schilbred Fasmer, head of business development and investor relations at Argentum, noted that “some of it comes from funds that were expected to close in 2011, but 2012 was already bound to be a strong fundraising year.”

## Money from abroad

According to Fasmer, international LPs have made a significant contribution to recent Nordic fundraising. She noted that more than 80% of the committed capital in HitecVision VI came from abroad. Similarly, 72% of the committed capital in EQT VI came from outside the Nordics, and 50% from non-European investors. “There is definitely an increased international interest in the Nordics,” says Fasmer.

The question is whether a substantial amount of equity can be deployed in the region in the next five or so years. Fasmer sees a slight danger of capital overhang. “The Nordic buyout industry has grown over a number of years and it has potential to develop further in the future.” She added that 2012 will be an exciting year and highlighted the possibility of fierce competition over attractive companies.



Source: Argentum Market Database

A complicating matter, given the circumstances, is growing concern over the European sovereign-debt crisis spreading to the region. A recent report from The Swedish National Institute of Economic Research anticipates Swedish GDP growth will fall from 4.5% in 2011 to 0.6% in 2012, and unemployment will rise over the same period. It credits the effects to growing uncertainty and weak exports from a global slow-down, and concludes that “there will be lasting negative effects on the Swedish economy”.

Needless to say, such stagnation would have an adverse effect on domestic aggregate demand, and thus local businesses. To what extent this will affect deal flow remains to be seen, but struggling companies would certainly not boost banks’ appetite to leverage deals. Nordic banks are generally thought to be well-capitalised in light of the crisis, but, according to Fasmer, the price of debt has gone up.

The coming year may be defining for Nordic private equity. The question is whether GPs are able to meet LP expectations by sustaining the activity seen hitherto. If not, they may find themselves with the same capital overhang that has haunted buyout firms in the rest of Europe. ■

Nordic exits hit record levels last year  
See page 5 to read more

## ANALYSIS

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The Swedish tax authority's battle over carried interest taxation continues as another player is drawn into the feud.  
**Sonnie Ehrendal** reports

# IK Investment Partners hit by carried interest row

**A**S PART of an extensive review of carried interest payments, the Swedish tax authority has decided to retrospectively raise the tax rate for key executives at IK Investment Partners. Executives who previously paid capital gains tax at 25% are to declare the carry as standard taxable income, payable at the highest tier of 56%, and the retrospective payments carry a penalty tax at 40%.

According to Swedish national radio SR, the total amount of tax demanded from former and current IK partners is close to SEK 1.8bn. The tax authority estimates that partners at IK funds have reserved carry payments in the order of €100m annually between 2005-2008.

Reports suggest Björn Savén, previous chief executive and current chairman of IK, has been ordered to pay close to SEK 1bn. Furthermore, previous partner Harald Mix, who left IK to co-found Altor in 2003, is allegedly having to repay over SEK 200m, despite not having worked for the company in nearly a decade. In a response to the news, Savén resigned from the board of Nordea bank to focus on his work with IK.

According to a tax authority review, the retrospective taxation of partners at IK is a direct result of omitting details

about carried interest payments in their income declarations.

The authority says it has secured detailed information about IK's governance and specific carry payments from the Companies Registry at Isle of Man and IK Private Placement Memoranda, but is also believed to have conducted third-party audits of Swedish LPs.

In its verdict, the tax authority determines that carried interest is a "profit-related management fee, derived from the degree of success in fund management". Moreover, it argues "the fee cannot to any extent be regarded as a capital gain, given that IK has not invested any capital."

### Déjà vu

Just over a year ago, Nordic Capital found itself in the same position as IK. It appealed the decision to a higher instance within the tax authority and won a case against taxing carry as standard income. The authority appealed the decision, but the case has yet to be reviewed.

Jonas Rodney, of the Swedish Private Equity & Venture Capital Association (SVCA), believes the new decision reinforces uncertainty and worries around the conditions of the Swedish PE industry. "This uncertainty will

*"Fair and internationally competitive taxation is essential in order to secure the capital flow that Swedish companies have enjoyed"*

Jonas Rodney, SVCA

remain until a decision has been reached in the highest legal authority," he says, and highlights that the SVCA has handed a new tax proposal to the Ministry of Finance.

Rodney sees a risk of GPs moving abroad, thereby distancing themselves from deals and leaving Sweden in the peripheral. "Fair and internationally competitive taxation is essential in order to secure the capital flow that Swedish companies have enjoyed."

Tax officials reportedly have six more PE houses under review. Retrospective taxation of what it deems "incorrect details" adds both income and penalty tax to carry. Given the flurry of successful Nordic exits over the last few years, the bills faced by some professionals could be substantial.

IK Investment was unavailable for comment at the time of publication. ■



**Jonas Rodney,**  
SVCA

## DEALS

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

### MID-CAP

#### Odin buys food distributors SFK/OTZ

**ODIN EQUITY** has taken a majority stake in Danish food distributors SFK Food and W Oschätzchen Århus (SFK/OTZ).

SFK/OTZ also acquired Norwegian trade player India-Nor at the same time. The management team will continue in its current position and retain a minority shareholding.

The company was previously owned and managed by majority shareholders Kjeld Kronborg Danielsen and Casper Juul Sørensen. Trade player Danish Crown and Danish retail bank Sparekassen Kronjylland held a significant minority stake.

SFK and OTZ have been operating as a single company since 2006. It distributes meat, spices, marinades and similar food products to the food industry, supermarkets, and butchers.

W Oschätzchen Århus, founded in 1919 and based in Stilling, Denmark, employs 45 staff. SFK Food, based in Viborg, Denmark, traces back to 1931 and has 75 employees. The aggregate turnover for the group is around DKK 350m.

NAME	SFK/OTZ
DEAL	Buy-and-build
LOCATION	Viborg/Stilling
SECTOR	Food retailers & wholesalers
TURNOVER	DKK 350m
STAFF	120
VENDOR	Danish Crown, Sparekassen Kronjylland, management

### SMALL-CAP

#### Ratos's Stofa completes refinancing

**NORDIC PRIVATE** equity firm Ratos has successfully completed the refinancing of its portfolio company Stofa, a Danish broadband, cable and telephony operator. The refinancing amounts to approximately SEK 515m. Ratos's holding in the company currently stands at 99%.

Ratos will receive a dividend of around SEK 510m, of which roughly SEK 420m will be released in January and SEK 90m in March.

Stofa was acquired by Ratos from TeliaSonera in August 2010, through an equity commitment of DKK 528m. SEB provided senior debt. The enterprise value of the company at the time of acquisition was DKK 1.09bn. Stofa is a Danish company providing cable, broadband and telephony to around 350,000 households. In 2010, the company reported sales worth SEK 1.4bn and EBITA totalling SEK 117m. Stofa employs around 400 members of staff.

NAME	Stofa
DEAL	Refinancing
VALUE	SEK 515m
LOCATION	Denmark
SECTOR	Fixed-line telecoms
TURNOVER	SEK 1.4bn
EBITA	SEK 117m
STAFF	400

#### Norvestor backs Marine Aluminium

**NORVESTOR HAS** acquired a majority stake in aluminium structure engineering company Marine Aluminium.

The investment was made from Norvestor V, which closed on €236m in 2008. It gives Norvestor a 70% shareholding, with existing owners retaining a 30% stake.

Chief executive Jan Johannesen commented that the company is preparing for expected oil & gas market growth in the North Sea and elsewhere. He intends to focus on the home market and expand in key geographic markets, identified as China, Asia-Pacific and Brazil.

Marine Aluminium, founded in 1953, designs and engineers aluminium-based access and safety structures, including helidecks and gangways, for the oil & gas industry.

The company employs 134 staff in Karmøy and Stord, Norway, and 27 in Ningbo, China. It estimates around NOK 300m revenues for 2011.

NAME	Marine Aluminium
DEAL	MBO
VALUE	n/d (<€25m est)
LOCATION	Karmøy
SECTOR	Heavy construction
FOUNDED	1953
TURNOVER	NOK 300m
STAFF	161

#### FSN Capital buys PM Retail

**FSN CAPITAL** has acquired Norwegian women's clothing retailer PM Retail. The company was bought from the Mørck family, which has owned the business since 1987.

The company designs and sells women's clothing for the 40+ segment of the Norwegian market. The company owns a number of brands, which are distributed through 45 Norwegian retail stores. It had a turnover of NOK 290m, increased by around 30% from the previous year, and EBITDA of NOK 65m.

NAME	PM Retail
DEAL	Buyout
VALUE	n/d (<€25m est)
SECTOR	Specialty Retailers
FOUNDED	1987
TURNOVER	NOK 290m
EBITDA	NOK 65m
VENDOR	Family

#### Amadeus exits Xelerated

**EUROPEAN TECHNOLOGY** investor Amadeus Capital Partners has sold its stake in Swedish technology provider Xelerated to Nasdaq-listed Marvell Technology Group. The deal is Amadeus's second profitable exit from a semiconductor company in the past 12 months, following the \$367m sale of Icera to NVIDIA in May 2011.

NAME	Xelerated
DEAL	Exit
LOCATION	Stockholm
SECTOR	Computer services
FOUNDED	2000
TURNOVER	\$20-30m

Amadeus first invested in Xelerated in 2005 when the company received \$17m in a series-C round of funding led by Accel Partners. In 2007, Amadeus reinvested alongside previous investors via the Sixth Swedish National Pension Fund (AP6), which retained its majority stake in 2008 with a reinvestment of \$13m.

Founded in 2000, Xelerated provides technology solutions for the networking industry. The company offers its systems to cloud-computing services running at 100Gbps and above from its offices in Stockholm, Tel Aviv, Santa Clara and Beijing. Customers include Nokia Siemens Networks, Fujitsu and Optel Hutchinson.

#### ADVISERS

**Vendor** – Stifel Nicolaus Weisel, Cole Bader and Mark Quinlan (Corporate finance); Andulf Advokat AB (Legal); Mannheimer Swartling (Legal).

**Acquirer** – Vinge (Legal).

## Polaris PE backs Skånska Byggvaror MBO

**POLARIS PRIVATE** Equity has acquired a majority shareholding in Swedish DIY retailer Skånska Byggvaror. The stake was acquired from previous owners,

the Blomkvist family, who will remain part of the management team.

Partner Peter Ankerst stated that Polaris plans to expand the business to international markets and increase its visibility in Sweden. It intends to back the company by expanding its product offering and number of showrooms.

Skånska Byggvaror sells DIY products to the Swedish market. The company first went online in 1998 and has over the years replaced its mail order service with an e-commerce solution. Its revenue has grown from SEK 336m in 2008 to around SEK 430m in 2011.

NAME	Skånska Byggvaror
DEAL	Management buyout
LOCATION	Helsingborg
SECTOR	Home improvement retailers
TURNOVER	SEK 430m
STAFF	100
VENDOR	Family

Based in Helsingborg, Sweden, the company employs around 100 staff. It was founded by a member of the Blomkvist family in 1965 and managed by Anders Blomkvist since 2003.

## EQT exits Lundhags

**EQT HAS** exited outdoor clothing company Lundhags to Norwegian trade player Swix.

EQT took a majority stake in Lundhags in 2007, investing from the EQT Opportunity

fund. The company was acquired from the Lundhag family. Sales are reported to have grown by 15% per annum.

NAME	Lundhags
DEAL	Exit
LOCATION	Järpen
SECTOR	Clothing & accessories
TURNOVER	SEK 110m (2010)
VENDOR	EQT

## EARLY-STAGE & EXPANSION

### BaltCap backs Labochemia

**BALTCAP HAS** completed an investment in pan-Baltic laboratory supplies and services provider Labochemia Company Group.

The investment was less than €3m in exchange for a significant minority stake. It was made through the Lithuania SME Fund which closed on €20m in 2010 and makes investments of up to €3m in domestic SMEs. The money will support the management team's plans for growth in Lithuania and other Baltic countries. Siaulių bankas will provide Labochemia with a new loan facility alongside BaltCap's equity investment.

The transaction represents the Lithuanian fund's third investment to date.

NAME	Labochemia Company Group
DEAL	Expansion
VALUE	<€3m
LOCATION	Vilnius
SECTOR	Medical Supplies
TURNOVER	€7m

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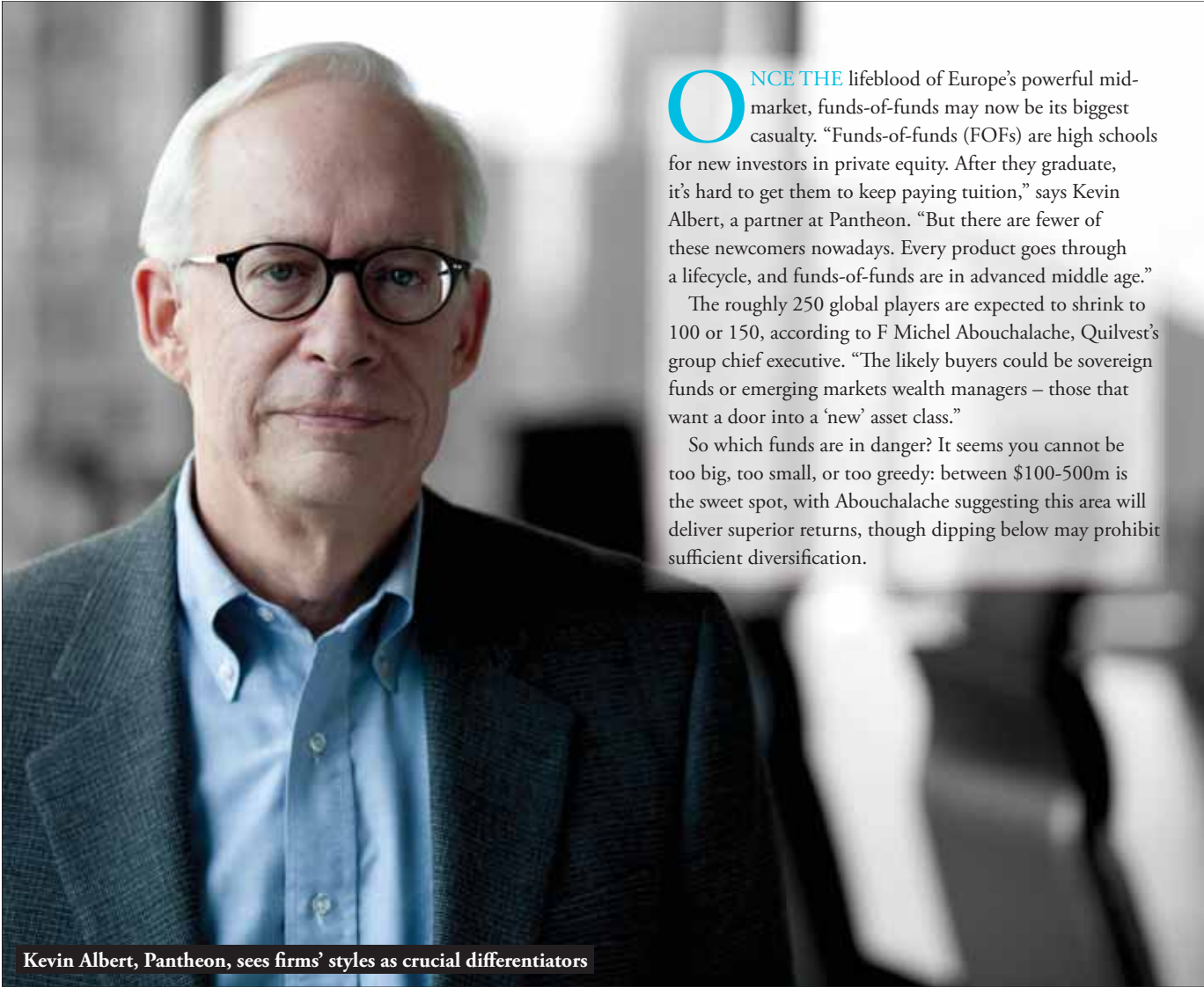
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# Market consolidation forcing FOFs to evolve

Funds-of-funds are an endangered species, with many shedding the title. [Kimberly Romaine](#) finds that today it's all about diversification and tailoring your offering to prospective clients



**O**NCE THE lifeblood of Europe's powerful mid-market, funds-of-funds may now be its biggest casualty. "Funds-of-funds (FOFs) are high schools for new investors in private equity. After they graduate, it's hard to get them to keep paying tuition," says Kevin Albert, a partner at Pantheon. "But there are fewer of these newcomers nowadays. Every product goes through a lifecycle, and funds-of-funds are in advanced middle age."

The roughly 250 global players are expected to shrink to 100 or 150, according to F Michel Abouchalache, Quilvest's group chief executive. "The likely buyers could be sovereign funds or emerging markets wealth managers – those that want a door into a 'new' asset class."

So which funds are in danger? It seems you cannot be too big, too small, or too greedy: between \$100-500m is the sweet spot, with Abouchalache suggesting this area will deliver superior returns, though dipping below may prohibit sufficient diversification.

Kevin Albert, Pantheon, sees firms' styles as crucial differentiators

Photograph A.E. Fletcher Photography

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*Pantheon, HarbourVest and Partners no longer call themselves funds-of-funds – in fact Partners declined to speak for this piece, to avoid being associated with the vehicles*

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Funds above \$1bn, he adds, may struggle if they lack requisite returns, given the high fees they command. Nor are pure FOF players safe nowadays. “There is no future for firms that just raise money to invest in funds,” says Alan MacKay, chief executive at Hermes GPE. “Firms have to develop revenue streams in other ways.”

The last 12 months have seen a handful of European FOFs hold closes: Altamar in Spain held an interim close on €120m (target: €300m); Portfolio Advisors held a final close on €776m for its sixth Swiss vehicle (ahead of target); Unigestion raised €190m for its Secondary Opportunity Fund; and F&C Climate Opportunity Partners hit €30m in a first close. This year, Access Capital Partners closed its fifth fund on €500m, ahead of its €350m target (*see page 26*).

Rather than raising pooled funds, Hermes GPE provides bespoke private markets mandates for their clients, the bulk of which are pension funds. This blend of funds and co-investments is something that erstwhile FOFs have been ramping up, as is bespoke advice: In September 2011 Pantheon was awarded the mandate for Germany’s largest pension fund, the \$50bn Bayerische Versorgungskammer (BVK), after a four-year courtship. Last year Access Capital Partners also won a €200m mandate from a US institution as well.

“As FOFs become less important, these customised accounts will be a big growth area,” says Albert.

With its similar function, Hermes GPE may be an example of a mid-sized firm set to stand the test of time.

“FOFs nowadays also need differentiated attributes – such as lower fees or a higher alignment of interest between GPs and LPs,” says Abouchalache.

Hermes GPE’s fee structure has captured a lot of attention. While most FOFs charge 70-80 basis points for management fees, Hermes GPE charges around half of that on its bespoke mandates. “We are not philanthropists, we just do not need to charge for 500 sales people,” says MacKay.

The fees are higher for Hermes GPE’s co-investment origination, which MacKay says is the real value added by his business. His pedigree is well suited to it too, having spent 20 years at 3i. He is adamant that strong co-invest

performance requires strong investment judgment, noting, “we do around 15% of the co-invest opportunities we see”.

While investors will welcome this – one placement agent describes the team as ‘revolutionary’ – it is unlikely sophisticated institutions will base their decisions purely on costs. Even MacKay admits that any wise investor will partner with the firm that offers the best returns and won’t be swayed by fees alone.

With 68 investment professionals, Pantheon’s workforce is six times that of Hermes GPE’s, and so their fees are higher. Says Albert: “Our more expensive infrastructure means we have more gas in our tank.”

#### **Diversification**

Europe’s largest players have been diversifying for some time, with Adams Street Partners, HarbourVest, Pantheon and Partners Group’s offerings all wider than pure fund selection. Albert reveals Pantheon’s greater value add for many mature investors is in secondaries, co-invest, emerging markets and its small funds programme. At the end of 2010, Pantheon closed its latest secondaries fund, PGSF IV, at \$3bn.

“You need a competitive co-investment and secondaries programme nowadays,” MacKay admits.

Despite its relative youth – MacKay took over in 2010 to merge the business with Gartmore’s PE business – Hermes

### **Standing out in a shrinking crowd**

As all of the biggest players in FOFs expand, they are moving into similar areas of business. This opens the question over what differentiates them.

“Track record [excluding Partners, given its shorter history] is not a key differentiator,” Pantheon’s Albert says. “It is more about personality: HarbourVest is Boston-centric; Adams Street raises money annually; Partners is marketing-driven; and Pantheon market-driven.

“Partners looks at what LPs want and creates a product to suit it. Pantheon looks at what is a good opportunity and raises that.” Therefore, Albert says, “Partners is not raising a Europe fund now as that would be like selling the plague. But we are, as we see great opportunities there. We’re the opposite of marketing-driven.”

As a result of this, Pantheon markets three different funds, all at different times so they do not compete for investors.

Photograph by Fiona Compton



**Hermes GPE's Alan MacKay believes pure funds-of-funds have no future**

GPE has already proved adept at reacting swiftly to market swings. “We have refined from a PE business with a bit of infrastructure, to a private markets business that covers PE and infrastructure,” MacKay says.

So lucrative is co-investment that Dutch fund manager Forbion raised its second co-investment fund with all existing LPs re-upping to hit \$50m in a first and final close in December 2011. The success was on the back of a stellar first fund: Forbion made six investments from its €54m debut vehicle, raised in September 2010. Two have already been sold for a total consideration of \$1.1bn, repaying the fund by almost double.

As co-investment is more lucrative, Hermes GPE focuses more on that, with its funds business accounting for just a quarter of the £4.8bn it manages. “A good investor in funds will deliver net returns to investors of low teens; a good investor in co-invests will deliver high teens. We would be very disappointed if we were not consistently outperforming those figures,” MacKay says.

The shift away from fund investing puts Hermes GPE on a par with some of the world's largest FOFs. Partners, for

example, now attributes roughly a third of its business to FOFs, with secondaries and directs (including infrastructure, real estate and debt) taking an increasing proportion. A source suggests the latter two accounted for 80% of business in the last two years, though the shift has been ongoing for about five years. Adams Street has a dedicated buyout co-investments team which invests \$10-30m per deal in North America, Europe and Asia.

Global asset manager Neuberger Berman has been focused on other areas for some time, according to managing director Joseph A Malick: “Our focus on directs and co-investment is not an add-on to our FOF business; it is part of our core offering. We have dedicated funds and senior teams in each area and have been doing this for many years.” Neuberger Berman has a listed closed-end fund (NB Private Equity Partners) that managed \$528m as of October 2011. Of that, three-quarters were in funds and the remaining quarter in directs and co-investments.

Listed vehicles offer some funds-of-funds another source of funding. Pantheon launched its investment trust PIP in 1987 on the London Stock Exchange, and it has

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*“Every product goes through a lifecycle, and funds-of-funds are in advanced middle age”*

**Kevin Albert, Pantheon**

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outperformed the FTSE All-Share and MSCI World since then. HarbourVest's listed vehicle, HVPE, is listed on the Specialist Fund Market in London and Euronext Amsterdam and invests mostly in HarbourVest's funds, but also invests in other funds, secondaries and directs.

Pantheon, HarbourVest and Partners no longer call themselves funds-of-funds – in fact Partners declined to speak for this piece, to avoid being associated with the vehicles.

#### **Family ties**

Carlyle Group acquired AlpInvest last year, a deal which illustrates a new concept proving more popular: the colonisation of the asset management industry by large buyout titans. Other successful funds-of-funds are for sale, illustrating the impact of legislation. AXA PE was eyed up by KKR, TPG, 3i and BlackRock last year, though Canadian PE group Onex and a consortium of Caisse de Dépôt et Placement du Québec (Canada's largest pension fund manager) and Government of Singapore Investment Corporation are the bidders now.

Interestingly, AXA beefed up prior to going on the chopping block: last year it completed its \$1.7bn purchase of PE assets from Citigroup as well as \$740m from Barclays. AlpInvest also made a sizeable investment, buying CalPERS' \$800m portfolio – albeit three months after the Carlyle announcement rather than before.

“Large buyout houses should not get involved because there is an inherent conflict of interest,” Abouchalache bemoans. “How can Carlyle have access to all the data related to all the funds in which AlpInvest invested in and then compete against these funds? Carlyle and AlpInvest might find themselves precluded from investing from large-cap GPs in the future. It can work during down cycles when LPs call the shots, but it can work against you in up cycles when GPs are kingmakers.”

There are other pitfalls to PE ownership. “As an asset management business, being owned by a PE firm can have its downside,” says Malick. “Although PE firms are long-term investors, they always have a time frame for their exit, and this introduces uncertainty for the asset manager's clients.”

Neuberger Berman, which spent six years as Lehman's asset management division, staved off a PE buyout attempt in the wake of its parent's collapse in 2008 to buy itself out in 2009. The fund manages €183bn, up from €158bn at the time of the MBO. It recently closed a \$720m FOF.

Neuberger Berman's previous ownership was problematic, too. “Our experience with Lehman demonstrated the risks that a bank's other operations expose to an asset management business and they ultimately took down all of Lehman. As investment managers, we were not aware of the risks being taken elsewhere in Lehman. Neuberger Berman is a pure-play, full-service asset management firm. The firm takes no principal or balance sheet risk like you'd have within a bank.”

Hermes GPE merged with Gartmore in 2010, giving it new offices and clients (it opened in Boston and Singapore last year) and last month the merged group announced a new ownership structure, with management having bought itself out from a subsidiary of Henderson Group.

As MacKay says: “We now show more stability with our new ownership structure, which should help us to win new clients.” He adds that last year was spent with existing clients since any question over ownership would have been difficult to answer. More than one of Hermes GPE's existing clients has opted to scale back their fund-of-funds manager relationships in favour of using just Hermes GPE for their entire programmes. Pantheon is *au fait* with parentage as well, having had two: Russell and now AMG. “They were very different. Russell, as a generalist consultant, was very hands-on and even invasive. Now, with a financial owner, it is nearly as independent as before the Russell acquisition.”

The market will continue to contract, with some players deliberating over whether or not to raise another fund. UFG Siparex in France, for example, came to be in late 2010 through a merger that saw Siparex's managing company Sigefi take a 34% stake in the new entity. A warrant could see this increase to 50% by the end of this year. However, at the moment the outfit's focus seems to be on its directs business, which just announced a €120m final close for its Midcap II fund. Careful steering through today's labyrinth of institutional demands and market opportunities will put innovative firms in good stead. ■

# DN Capital highlights venture revival

Six exits in 18 months and two portfolio companies purchased in 2011. This VC is living the dream. [Kimberly Romaine](#) reports



**Nenad Marovac,**  
DN Capital

**D**OWNTURNS, AND the depressed pricing they usually catalyse, are renowned as great times to buy businesses. The flip side is that it is a difficult time to achieve lucrative exits – a possible reason for the delay is the swathe of fund launches expected last year and this. One firm stands out for achieving six exits in 18 months with a total enterprise value of \$1.4bn – most recently the sale of data management business Endeca to Oracle for a reported \$1.1bn at the end of 2011 – and for embracing early-stage deals and digital media, which are often avoided by Europe's deal-doers. The firm is DN Capital.

Six months prior to the Endeca sale, DN sold Datanomic to Oracle, acting as the only institutional investor in the deal. The third exit for DN's Fund II, the deal allowed the venture capital firm (VC) to pay back the vast majority of invested capital in the 2008 vehicle. In doing so, it established itself as a top-quartile VC for investors, reporting a 30% gross IRR. There is more to come, with another 12-

15 firms in the portfolio. Fund I, DN's 2001 debut fund, has sold eight of its 14 companies and has fully realised the entire fund, with six companies still in the portfolio – including Shazam, widely considered a blockbuster business.

DN was founded as Digital Networks in 2000 by Harvard Business School classmates Nenad Marovac and Steve Schlenker. A third co-founder, Francesco Di Valmarana went on to set up Unigestion's secondaries business and is now at fund advisory firm Pantheon.

DN backs early-stage business and growth opportunities in the software, e-commerce and digital media sectors through its second €47.5m fund. It has ceased the later-stage venture focus of its debut €47.5m fund, with the exception of providing follow-on funding for its portfolio businesses, as well as seeking other bootstrapped growth companies.

## Errors in judgement

"We believe investing in later-stage is the riskiest thing we can do as a small fund," says Marovac. "The companies are still not proven, they often have high burn rates and lots of VCs at the table, which is a recipe for disaster in our minds. We tried it in Fund I and those were our worst investments. We like to be the first institutional investor."

Despite six exits in 18 months, DN has faced difficulties. "Our biggest mistake was putting more money into firms that were not performing thinking we could save things. This is the problem with later-stage VC – the cheques are large and it's much harder to walk away when the investments can leave a big hole in your fund. It is also really difficult to have influence when there are four or five VCs on the board."

An example of this occurring is mobile messaging business Empower Interactive. It was founded in 2000, and in 2002 DN led a £8m third round of funding for it. The timing seemed great: in 2003, it ranked sixth in *The Sunday Times* ARM Tech Track 100 of the UK's fastest-growing technology

## Family matters

While VCs usually bring their wallets to the table and leave the innovation to the entrepreneurs, some investors just cannot help but get involved. Marovac approached Rahul Powar, creator of the iPhone app for music software business Shazam, with an idea for a mobile innovation company back in 2009. The two worked to build up their skills and a team and is now developing a product due to launch in Q1 2012 under the MPME brand. Duncan Lewis has been installed as chairman – as a former senior advisory to Carlyle in the TMT space, he brings a wealth of knowledge to the table.

While that story showcased the importance of great ideas and Rolodexes, sometimes it's about your family connections. Shazam was deemed a punt by some VCs. Founder Chris Barton, who also hails from La Jolla, California, demoed the product to Marovac in the back of a taxi without realising they grew up just streets away from each other. Once DN bought into the idea, the two learnt that Barton's and Marovac's mothers are best friends.



*“We believe investing in later-stage is the riskiest thing we can do as a small fund”*

Nenad Marovac, DN Capital

companies. In 2006 DN supported a sale of the business but the syndicate – including Argo Global, Cazenove Private Equity and IDG Ventures, instead decided to pursue an \$18m round to fund expansion into the Americas. That round was led by Scottish Equity Partners, and saw DN invest at a minimum. Less than a year later, Grant Thornton were called in as administrators to the business. With over £31m raised in total it was one of the best-capitalised European VC-backed companies ever.

#### American opportunities

This experience may have taught DN that the herd is often wrong, and underpinned its unorthodox approach. In addition to shunning later-stage opportunities – typically favoured by European VCs – DN is one of the few European firms with a Silicon Valley office, alongside Index.

“A stateside presence means we can better help our companies expand into the US market. This is really important for us. Out of the six recent exits, five were to US buyers,” says Marovac. “Like it or not, the US market is still the main event in our sectors and we believe that a US presence is vital for market knowledge, business development and exit. We’ve helped at least half our portfolio companies in this way so far,” Marovac cites Shazam, Datanomic and Lagan as examples. “Value increases exponentially if you can get traction in the US market,” he adds, illustrating with Shazam, for which the US is the clear dominant market.

DN installed the company’s first US employee out of its network, Kathy McMahon. She closed deals with Verizon, AT&T and then Apple, which changed the game for the company. Adds Marovac: “Our US presence also enabled us to attract Kleiner Perkins (KPCB) as a co-investor. KPBC has added tremendous value via its network and experience and working with them has been a pleasure. They have a world-class reputation for a reason; European VCs can learn a lot from them.”

#### Good times for VCs

While good news is rare these days, *unquote* has noticed it is something of a golden age for venture: last year alone saw one of the largest ever exits for a venture-backed

biotechnology company (Scottish Equity Partners’ sale of BioVex); Nordic Capital’s sale of pharmaceuticals business Nycomed to a trade buyer for a staggering €9.6bn; and Advent Venture Partners achieve four strong exits – even as global stock markets languished.

In a nutshell, VC Darwinism is bearing fruit. “When we founded DN in 2000, there were 300-400 VCs operating in Europe,” says Marovac. “Now there are 25-40 in Europe that are active in our space.” And the pickings for the last few standing are good. “There are higher-quality entrepreneurs now than we’ve ever had before,” continues Marovac.

Successful ones – such as Niklas Zennstrom, Stefan Glaenger, Lukasz Gadowski and Brent Hoberman – are now mentoring new talent. Some of this knowledge sharing is institutionalised in the form of Passion Capital, PROfounders and Team Europe, as well as entrepreneur networks such as SeedCamp, Silicon Roundabout, Spice Group and Silicon Allee in Berlin. But more crucially, it seems to be that the entrepreneurial spirit is catching on in Europe. Says Marovac: “We have never seen it better!” ■

### DN Capital’s exits during 2010-2011

#### Kaidara

In 2003, DN joined Galileo, CDC Ixis Innovation, ACE and Rothschild to invest €4m to finalise an €8m series-B round. The deal was from DN’s first fund and sold to Servigistics.

#### Lagan Technologies

DN backed the business in 2004 and 2006 alongside DFJ Esprit. The business was sold to KANA Software in October 2010.

#### Datanomic

DN backed the business from both its funds, initially in the summer of 2003 and again at the end of 2009 when it bought out 3i’s stake. The business was sold in May 2011 to Oracle.

#### Familybuilder

DN pumped \$1.5m into the business from Fund 2 in early 2008. It was sold in June 2011 to Intelius.

#### OLX

DN backed the business from its second fund. OLX secured a \$10m series-A round in 2007; a \$13.5m series-B round in 2008; and a final \$5m round in 2009 before being sold to Naspers in summer 2010.

#### Endeca

The firm raised \$65m from Bessemer Venture Partners Venrock Associates, Intel, SAP, Ampersand, DN Capital (Fund I), Tenaya Capital and GGV. It was sold to Oracle for €1.1bn in October 2011.

Alternative debt providers are looking forward to a busy 2012, as private equity houses use their services and financing to leverage deals. [Greg Gille](#) reports

# Debt ‘one-stop shops’ gaining ground

**W**HILE MOST mezzanine players are still struggling to fight their way back into debt structures across Europe, one of them enjoyed a good 2011. AXA Private Equity put €400m from its mezzanine funds to work over a six-month period last year by going down the unitranche financing route.

Combining senior and subordinated debt elements in a single loan with one interest rate is not a new technique, as AXA PE managing director Cécile Mayer-Lévi points out: “There is nothing brand new or particularly exotic about unitranche

financing – on the contrary it is quite simple. Maybe that is one of the reasons it is enjoying momentum right now: it is a very reliable and straightforward way to finance deals, at a time when PE firms are not always guaranteed to secure more traditional methods of financing.”

While unitranche might have seemed unnecessarily pricey when banks were practically begging buyout houses to let them fund their deals, it has gained popularity given the current lending market, alongside other forms of integrated finance. “The European market is indeed faced with a shortage of leverage liquidity,” notes Romain Cattet from debt advisory firm Marlborough Partners. “Debt multiples tend to be very conservative and documentations are becoming very restrictive. As a result there is real appetite for more innovative and flexible capital providers.”

Investec has also been active on the integrated finance front in recent months. Just last month it leveraged the

MVC-led £28m MBO of UK transportation services provider Gibdock with a senior and mezzanine package – it even took an equity stake in the new structure.

Investec director James Stirling concurs that the current pitfalls faced by GPs when looking to close a deal work in the firm’s favour: “We all know how difficult it is to do

deals in this environment, and I think this is why unitranche – and all other sorts of integrated finance solutions – are appealing. Historically sponsors might typically work with separate senior and mezzanine providers to leverage their deals. But

with enough uncertainty around deals as it is, dealing with two finance providers rather than one increases the execution risk; and from a vendor perspective, you run the risk of being considered less deliverable for this reason.”

## Different strokes

However, Investec is not primarily structuring its offering as unitranche, instead keeping all tranches separately priced and documented. “We are really hungry to do senior and mezzanine deals, whether sponsors want it structured as unitranche or two separate elements,” says Stirling. “In our experience, clients prefer separately tranced facilities, mainly to provide greater transparency on pricing.”

Cattet echoes the concerns some sponsors might have with a single-rate product: “The main issue with mezzanine funds providing these types of financing is the cost. You would be paying a flat 11-12% rate all-in – ultimately the senior

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*“We expect the prominence of unitranche financing to increase significantly this year”*

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Cécile Mayer-Lévi, AXA Private Equity

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*In 2000 there were 400 VCs in Europe –  
now this stands at just 40  
See page 14 for a look at venture*

unquote.com/analysis



**James Stirling**, Investec Growth & Acquisition Finance



**Cécile Mayer-Lévi**, AXA Private Equity



**Romain Cattet**, Marlborough Partners

element is priced very close to the mezzanine. Therefore it is more appropriate to very specific cases, such as when you would need a lot of available cashflow to grow the business.”

Indeed, GPs tempted by unitranche should consider whether the benefits outweigh the added cost. “We structure the product with a blended rate of return that is higher than traditional senior debt – depending on each project, we would be targeting 9-12% all-in,” says Mayer-Lévi. “But there is a trade-off that can be attractive for some PE sponsors: they realise there is a price to pay for the benefits of this structure, and in most cases they outweigh the cost.”

The convenience of dealing with a single interlocutor and the ability to close deals rapidly are benefits shared by unitranche and other forms of integrated financing. But unitranche has a bonus that can justify the added cost for the right transaction. Given that the financing is structured as a bond, there is no yearly amortisation. This allows sponsors to use the free cashflow to generate more added value, and enhance the returns on their equity investment. “It is better suited for companies which have either an intensive acquisition strategy or high capex needs,” Mayer-Lévi adds.

Meanwhile, other providers can structure integrated packages in many ways to suit different transaction profiles. “There are credit funds that can offer the same type of financing, but are able to tailor the terms based on the credit and the position in the capital structure – potentially down to 8-9%. The issue is that there aren’t many, and most are focusing on the US market at the moment,” notes Cattet.

Aside from the common senior and mezzanine structure, Investec is also able to provide a wider array of financing solutions – according to Stirling, flexibility is where a provider can stand out in what is becoming a very competitive market. “We can be even more flexible – for example, within the same team we have the capability of structuring asset-based facilities as part of acquisition finance packages, which can bring cashflow benefits,” he says. “Our

## AXA PE’s approach to unitranche

AXA Private Equity’s approach to unitranche is based on a “take and hold” strategy in most cases. The firm can further syndicate up to a third of the loan to one or two investors and keep at least two-thirds.

The firm provided a €150m package to French medical testing laboratory Biomnis in May 2011, enabling the business to refinance its existing debt and to fund an aggressive acquisition strategy. In November, it single-handedly financed the secondary buyout of French pharmaceuticals company Unither by Equistone with a €100m unitranche facility. The same month, AXA PE also contributed €140m to the refinancing of French industrial supplier FDS Group.

focus is entirely on deliverability, therefore we strive to offer truly bespoke solutions to fit each business plan.”

### Strong tailwinds

However they choose to structure their offering, alternative debt providers are aiming to capitalise on the ongoing conservative lending climate, and are looking forward to a busy 2012. “With scarce credit and banks’ increasing reluctance to lend, we expect the prominence of unitranche financing to increase significantly this year,” says Mayer-Lévi. “We are therefore enjoying a strong pipeline – as we are doing more and more unitranche financing, PE sponsors are becoming aware that it is a viable and reliable way to structure transactions. That said we remain selective, and we consider it should not apply to all types of transactions.”

However, unitranche and similar financing solutions are not the silver bullet to cure all of the buyout market’s issues. Depending on the size of their fund, most mezzanine players providing unitranche are likely to finance mostly midcap transactions – AXA PE for instance has a €30-150m sweetspot, while Investec is mainly focused on the lower mid-market. Larger buyout players will therefore have to keep relying on more traditional structures and hope for a recovery in the senior lending and high-yield markets. ■

Seen from the UK, speculation over the euro's future could benefit sterling funds. But euro-denominated vehicles are enduring well, following a strong 2011. **Greg Gille** reports

# Euro crisis sparing Continental funds

**T**HE ONGOING eurozone crisis is a concern on the mind of many PE players, potentially threatening access to financing and the growth prospects of portfolio companies. But, in what could prove to be a controversial view, Dunedin chief executive Ross Marshall foresees that it could be trouble for euro-denominated funds.

"There does not seem to be any conceivable way that the euro can survive in its current form, so we hope that there is an orderly break-up, rather than a disorderly one, to resolve the eurozone crisis," said Marshall, while commenting on the UK mid-market firm's outlook for 2012.

## Euro funds still attractive

"We're just delighted that our existing funds are sterling-denominated and not euro-denominated – LPs will be asking GPs what will happen when the euro collapses," he added. "This, however, will create opportunities for well-managed, well-capitalised businesses like our portfolio companies that are relatively un-leveraged, so that they can take advantage of the opportunities that will inevitably arise."

Dunedin's latest vehicle, Dunedin Buyout Fund II, closed on £250m in September 2006. It is around 75% invested.

Needless to say, not everybody in the industry will share this outlook, both with regards to the euro's future and the current appetite for euro-denominated vehicles.

"Despite what some Anglo-Saxon industry participants might foresee, I don't think the euro is due to collapse," a

global placing agent told *unquote*. "What we are witnessing at the moment is that continental LPs largely prefer euro-denominated funds over their sterling counterparts. First of all, it is their own currency, which helps when balancing assets and liabilities. But the euro has stood up remarkably

well despite the crisis, which reassures investors.

"We are currently raising several euro funds, and they are doing extremely well. I would even say that today, both European and non-European investors would rather invest in Germany than in the UK," he added.

*"Today, both European and non-European investors would rather invest in Germany than in the UK"*

Global placement agent

## UK losing headway

Fundraising activity in 2011 certainly reflected a shift in the European fundraising landscape compared to the previous year. The UK dominated the market in 2010, making up 59% of fundraising activity in value – this figure dropped to 23% last year, with France closing the gap (18% against 5% in 2010) and the Nordic countries surging to attract a third of all commitments in European funds.

Regardless of currency issues, Marshall also forecast a tough year ahead for GPs wanting to hit the fundraising trail in 2012: "Nobody is under any illusion that fundraising will be easy. There are more than 1,800 funds currently in the market and most of them will not succeed. Key factors will include how the GP performed through the 2009 recession; the stability of the team; how differentiated and repeatable is the investment approach; and successful exits!" ■

# LP caution hits life science investments

Universities can be safe places to raise funds and develop ideas. But university clusters are losing their pull factors in the eye of diminishing returns to investors. [Anneken Tappe](#) investigates

**LEIDEN UNIVERSITY'S** Bio Science Park is the largest science cluster of its kind in the Netherlands and home to more than 70 companies. It offers office and lab space, financial support and, most importantly, concentration of knowledge. When it comes to biotech and pharma investments, venture capitalists seem to have no fear to commit to companies that are part of a university cluster.

"It is related to the education of the researcher and the availability of capital," says Edward van Wezel, managing director of Forbion Capital's Biogeneration Fund. "If you are closely linked to a university, chances are you are on the forefront of science."

But it is not only skills and knowledge that make the proximity to an institution with a prestigious research centre valuable for start-ups. Instruments and facilities, particularly in the field of bioscience, are too expensive to invest in, explaining why entrepreneurs would want to settle close to a campus.

"VCs can provide spin-out support in form of independent outside expertise. Some projects, for example, are not broad enough to set up a separate company, but are more eligible for an out-license," van Wezel continues.

"I've seen many excellent opportunities killed by bad management. Academia can learn something from venture capitalists," Sander van Deventer, partner at Forbion Capital Partners, adds.

It seems like the perfect match: expertise and availability of capital meet in the most stimulating

environment. Yet *unquote* data highlights that investments in university-related ventures have declined over the past few years.

Despite the undeniable advantage of skilled researchers, the life science sector has to face the challenge of not being very LP-friendly. The cost of failure for biotech enterprises can be very high, culminating in a loss after long phases

of clinical trials and development.

"It's not the false negatives, but the false positives that are costing you the money," says Kevin Johnson, partner at Index Ventures. While he agrees that clusters can improve the probability of success, the necessity of delivering returns is pulling investors

towards other approaches in life sciences investments.

"We are following an asset-centric model, which is more like a confederation of development experts through CROs, and the company is a vessel for the project at hand. It really is project finance," he continues. The new model takes traditional portfolio management out of the equation and allows a more efficient focus on research.

However, interest in investing in university clusters has not disappeared and neither has the necessity of venture capitalists bringing in invaluable business acumen to the most research-focused start-ups. Index's asset-centric model shows that even in a sector like life sciences, which enjoys great popularity in tough economic times, streamlining and innovation are necessary to remain competitive. ■



**Sander van Deventer,**  
Forbion Capital  
Partners

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*"I've seen many excellent opportunities killed by bad management. Academia can learn something from venture capitalists"*

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Sander van Deventer, Forbion Capital Partners



# EARLY-STAGE AND NORDICS STAND OUT

2011 was a bleak year for the private equity industry, but it was still an improvement on 2010, writes *Olivier Marty*

**T**HE YEAR 2011 was one of contrasts for European private equity. The quarterly *unquote* Arle Barometer revealed that, though activity declined across all stages between Q1-Q4 – aggregate values decreased by 43% for early stage, 17% for expansion and 39% for buyouts – European PE was stable year-on-year, with values losing 2% between 2010 and 2011 and volume falling only 11%.

Industrials made a strong rebound over the year while financials, consumers, and healthcare declined after their 2010 surge. This trend reflects the impact of resumed financial instability on deleveraging as well as the gloomy prospects of growth in most European countries. However, it is also in line with the rise in lower mid-market deals, which continue their ascent underway since 2009 and now represent a quarter of all buyouts by value. This is because there were many industrial deals, typically sizeable, done in this segment.

## A tale of four quarters

Figures for 2011 also include some surprising statistics: Firstly, while buyouts stabilised over the entire 2010-2011 period, each quarter of last year told a very different story. There was a peak in Q2 while Q4 recorded a modest €10bn amid fears of a challenging 2012. Capital expansion, which has witnessed a bumpy ride since 2009, began a steady downfall in Q2 2011. But early-stage volumes remained

the most stable in 2011, ending the year with a robust 42 deals.

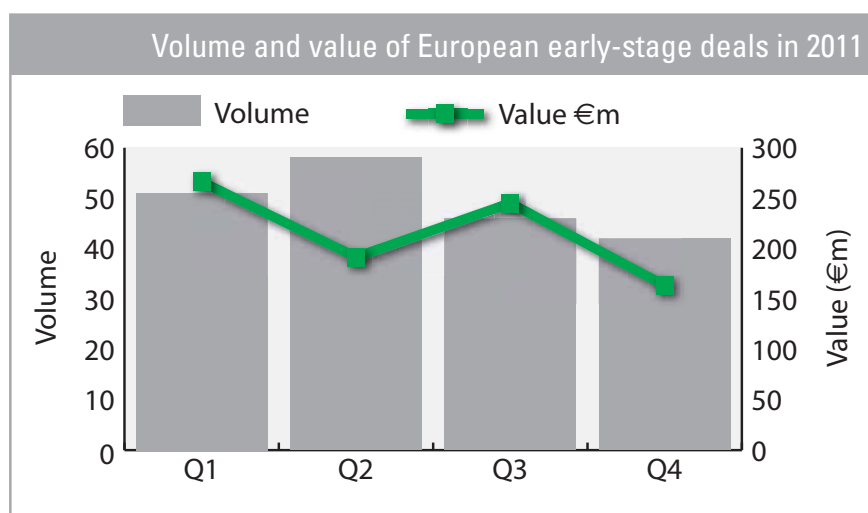
A rocky recent past masks early-stage's resilience. Not surprisingly, last year the most active markets for early-stage were DACH and the Nordics, where innovation and the financial environment offer satisfactory investment conditions. Sixteen deals were recorded in the former (about 30% of European total) in Q4, with nine in Germany alone. The Nordics achieved a respectable seven, with two deals making it in the top 10, and included the largest early-stage deal of the year, Heliospectra, backed by Industrifonden.

The robustness of early-stage is also reflected in the fund news: Norway and

Germany were the sole big players to announce fund closes outside the UK.

## Viking tenacity

Across all stages and sectors, the Nordics is also one of the most resilient regions since 2009, along with France and Southern Europe, as values increased continuously and by the greatest amounts since 2009. Their activity stands in sharp contrast with that of the UK and Benelux, which both plunged back after a promising increase between 2009 and 2010. Also, as shown in the recent *unquote* KPMG Private Equity Index, Nordic investors are very confident about the state of their local economies and the functioning of private equity markets. ■



Source: *unquote*

The Q4 2011 edition of *unquote*™ and Arle's private equity barometer reveals a worrying downward trend, with tempering year-on-year results

## *unquote*™ Arle Q4 Barometer – Buyouts plummet to record low

**L**AUNCHED IN 2003, the quarterly *unquote*™ Arle Private Equity Barometer records trends across all segments of European private equity activity.

The 2011 Q4 edition recorded that the overall European activity suffered from a major drop-off in the last three months of the year, with a continuing contraction in both the volume and overall value of deals (192 transactions worth €10.5bn).

For buyouts, European dealflow dropped by a third from the Q3 total, with 79 acquisitions worth €9.4bn completing in Q4 – the first time over the sample that there have been fewer than 100 buyouts in a given quarter.

Activity declines were witnessed across all regions, with the exception of Benelux, where the average value was €49m. That said, year-on-year figures reveal relative stability in the volume (+6%) and overall value (-1%) of European buyouts.

Growth capital fell off a cliff from Q2 onwards, ending on 78 deals worth €900m in Q4.

As was expected, year-on-year figures fell 23% in volume (425) and 35% in value to €5.2bn.

Early-stage activity declined throughout the year as well, but managed decent year-end figures (35 deals worth €145bn). As with buyouts, *unquote*™ noted that the early-stage fall was contained year-on-year, with limited drops in both volume (-15%) and value (-22%).

Marred by an irregular dealflow in the second semester, 2011 wasn't a good year for PE in Europe. Yet, year-end figures remained relatively stable compared to 2010: overall value fell a minor 2% to €72.7bn and deals volume dropped a modest 11% to 1,059 transactions. ■

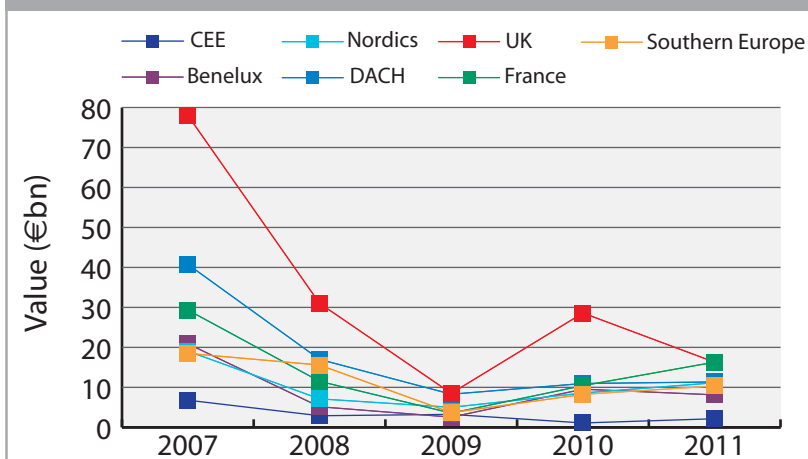
### The Barometer

To get your own copy of the *unquote*™ Arle Private Equity Barometer for 2011 Q4, go to [www.unquote.com/research](http://www.unquote.com/research)

If you are interested in finding out more about our regional data products, please contact us at [unquote@incisivemedia.com](mailto:unquote@incisivemedia.com)



### Value of European deals, by region, 2007-2011



Source: *unquote*™

# TECH INVESTMENTS CONTINUE TO FALL

Since 2008, the volume of pure tech investments in Europe has decreased, allowing the support services sector to take over as the most popular investment area. *Anneken Tappe* reports

**T**HE DECREASE in pure tech investments stands in contrast to the assumption that another boom of computer- and internet-related businesses is dawning. Since 2010, the support services sector has overtaken tech investments in deal volume, while still attracting comparatively larger average investments, according to *unquote*™ data.

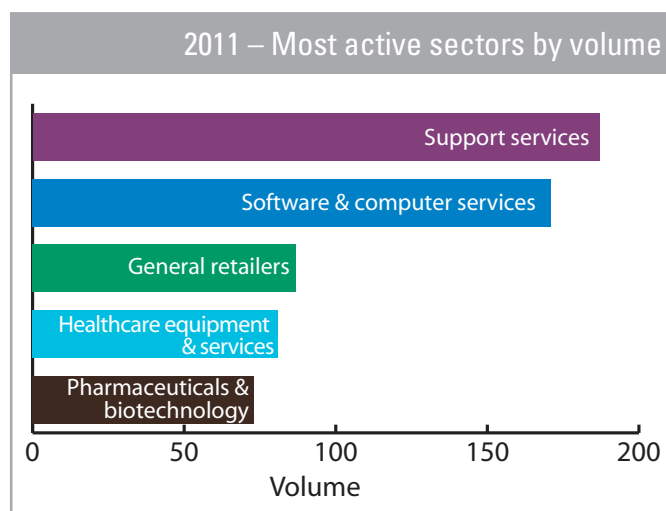
The software & computer services sector has been prone to attract more, but smaller, investments. The pharmaceuticals sector has also seen decreasing numbers for a substantial period of time now, yet tech and healthcare are still deemed to be investment safe havens. Deals in those areas should therefore be picking up and not the opposite.

Reasons for this may be found in Europe's economic conditions; as limited financing options and a slow growth forecast are leaving investors wary, deal volume has decreased overall. This shows that even preferred investment sectors are not recession-proof, but it does not give much of an indication of likely trends in case of an economic recovery in 2012.

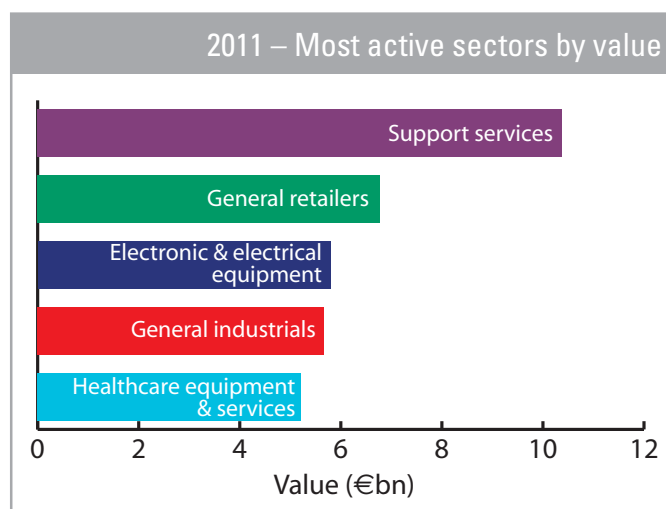
However, focusing solely on pure tech investments could be missing the point. New technologies and internet-related innovation have become increasingly pervasive, impacting and creating new business models in many traditional sectors of activity. Venture players may shy away from semiconductor businesses or telecoms equipment manufacturers, but they increasingly turn their sights onto digital media publishers, internet-only travel agents or e-commerce companies.

Meanwhile, the industry landscape stayed stable between 2010 and 2011 sector-wise. Support services, software & computer services, general retailers, healthcare equipment & services, and pharmaceuticals & biotechnology remain the most active sectors overall, although dealflow slowed down for each of them. Considering sub-sectors, business support services is the only area in which activity increased; with the number of deals rising from 105 in 2010 to 131 in 2011.

The list of sectors attracting the most capital changed slightly in 2011 compared to the previous year. Investments in travel & leisure and industrial engineering were replaced by electronic & electrical equipment and general industrials. Meanwhile, the overall value of deals in the healthcare equipment & services sector went down by nearly 10%. ■



Source: *unquote*™



Source: *unquote*™

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## Campbell named Ratos chief exec

SUSANNA CAMPBELL has been appointed the chief executive of Ratos. Previous chief executive Arne Karlsson has been proposed as new chairman of the board.

The promotions were required when previous chairman Olof Stenhammar declined re-election after 18 years of service on the board. Karlsson was seen as the strongest candidate for the chair and his move left the chief executive role open.

Campbell has been an investment director with Ratos since 2010,



**Susanna Campbell,**  
chief executive,  
Ratos

responsible for one of five investment teams and a number of portfolio companies.

She started her career at Alfred Berg Corporate Finance in 1996, after graduating with an MSc Economics degree from Stockholm School of Economics. She worked at consultancy McKinsey in 2000, and joined Ratos as investment manager in 2003.

The changes are expected to take effect at Ratos's annual general meeting on 18 April.

## Lloyd's Herbert moves to LDC

JON HERBERT, Lloyds Banking Group's head of acquisition finance, has joined LDC as a director. Herbert will be based in London and will provide support to the firm's network of regional offices.

## Key Capital enlists Lamb as chairman

KEY CAPITAL Partners has hired former Barclays Private Equity co-head Tom Lamb as non-executive chairman.

Lamb retired from Barclays Private Equity in November last year, after spending 26 years with the firm. During that time he held various roles, including head of UK regions, managing director UK and co-head.

Key Capital makes investments of £2-10m in profitable and growing UK companies. The firm has offices in London, Birmingham and Leeds.



**Tom Lamb,** non-executive chairman,  
Key Capital

## HarbourVest announces COO

HARBOURVEST HAS appointed Stuart Howard as chief operating officer of European listed products.

From his London base, Howard will oversee HarbourVest's role in the operations of listed investment subsidiaries HarbourVest Global Private Equity Limited and HarbourVest Senior Loans Europe.

Howard joins HarbourVest from 3i, where he spent more than 10 years. He held senior positions at 3i Infrastructure and 3i's Quoted Private Equity; his final position was as chief operating officer for Asia and the Americas.

Howard is a chartered accountant and spent time at Crédit Agricole and Deloitte prior to joining 3i in 2001.



**Stuart Howard,**  
COO, HarbourVest

## Hope new MP at Vinge Sweden

MARIA-PIA HOPE has been appointed new managing partner of Swedish legal firm Vinge.

She replaces Michael Wigge, who has held the position since 2007.

Hope joined Vinge in 1996 and became a partner in 2003. She worked at Vinge's London office for around 10 years, before managing the Swedish office.

She graduated with a law degree from the Lund University, Sweden, and a Master of Laws degree from Harvard Law School.



**Maria-Pia Hope,**  
managing partner,  
Vinge

Hope specialises in commercial law and has experience in regional buyouts.

Most notably, she advised EQT on its acquisition of Atos Medical last year, and Litorina on the acquisition of Björnkälder in 2010.

## New hire to lead Teachers London

JO TAYLOR has been hired to head up the London office of Teachers' Private Capital, the PE arm of Ontario Teachers' Pension Plan.

Taylor has more than 20 years of experience in private equity gained working for 3i.

He will oversee investments of \$100-300m in Europe, the Middle East and Africa, reporting to Jane Rowe, senior vice-president of Teachers' Private Capital, who is based in Toronto.



## Livingstone installs UK MD, US VP

LIVINGSTONE PARTNERS has appointed Bill Troup as managing director of debt advisory in London and Thomas Lesch as vice-president in Chicago.

Troup spent four years as managing director of Royal Bank Ventures before setting up debt advisory consultancy Capital Advisers in 2005.

Prior to joining Livingstone, Lesch specialised in providing commercial finance to the mid-market at BMO Harris Bank and Bank of America/La Salle Bank.

Livingstone also opened a Beijing office.

## Bridges appoints head of impact

CLARA BARBY has joined Bridges Ventures as head of impact.

In the new role, Barby will measure the social and environmental impact of Bridges' investments and promote sustainable growth within the company.

Prior to this role she was head of corporate strategy at AyurVAID Hospitals in India, and worked in the capital markets team of Acumen Fund, leading its India Energy portfolio.

Clara Barby holds an MBA from INSEAD and a BA in classics from Oxford University.

## Northzone gets leader for London

SCANDINAVIAN TECHNOLOGY investment firm Northzone has appointed Jeppe Zink as a general partner to spearhead the operation of the firm's new London office.

Zink has been a technology investor for more than 13 years. Prior to joining Northzone, he was a partner at Amadeus Capital and worked at Deutsche Bank.

## Dechert opens in Frankfurt, poaches Mayer Brown partner

PRIVATE EQUITY specialist Dr Benedikt Weiser has joined the firm from Mayer Brown. He focuses on advising fund sponsors and investors on the structuring and formation of investment funds, including PE, real estate, mezzanine and hedge funds.

While at Mayer Brown, Weiser headed the German Private Investment Funds group. He joined Mayer Brown in 2008 from Linklaters.



**Benedikt Weiser**, partner, Mayer Brown

Dechert's new Frankfurt office will be headed by Achim Pütz, who joined in 2010. A senior figure in the German alternative investment industry, Pütz is the founder and chairman of the German Alternative Investment Association.

Dr Carsten Fischer will also join the office. Previously a partner and a leader of the regulatory team at WTS Group, Fischer has experience in regulated and non-regulated funds, including UCITS, real estate, PE and hedge funds.

Dechert chief executive Daniel O'Donnell said: "Further recruitment in the financial services and corporate area is expected shortly."

## Grant Thornton recruits Dale

ALAN DALE has been appointed as a partner and head of Grant Thornton's operational deal services (ODS) team.

Dale has more than 20 years of deal and industry experience, including nine years at PricewaterhouseCoopers and 12 years at Rolls-Royce.

The ODS team supports clients with planning and executing integrations, separations and operational due diligence.

## HIG selects new MD for UK capital

HIG CAPITAL has appointed Henry Gregson as a managing director in its London office.

Gregson was previously a partner at Pamplona Capital, and spent several years with the PE arm of Royal Bank of Scotland.

## BGF 51-strong

THE BUSINESS Growth Fund (BGF) has expanded its regional team for the south-west and south Wales with the appointment of Ned Dorbin as senior investment manager.

Dorbin has acted both as an adviser and investor for small and medium-sized businesses (SMEs), most recently with Maven Capital Partners, where he spent five years.

The news follows the appointments in Manchester during December, where David Colclough and Neil Inskip were appointed investment director and investment manager respectively.

Colclough joined from 3i where he was a director with responsibility for the Manchester office. Inskip came from ANZ Private Equity in Sydney. Prior to his position in Australia, he worked in the north of England with PricewaterhouseCoopers.

The new appointments bring BGF's staff numbers up to 51, working from six regional offices across the UK. The £2.5bn government-backed fund makes investments of £2-10m in UK-based SMEs.

## Arle portfolio company chief is latest partner

ARLE CAPITAL Partners has hired Anders Pettersson, the chief executive of former portfolio company Capital Safety Group, as partner.

Pettersson will sit on Arle's operating review board, which reviews the performance and progress of each portfolio company. Arle stated he will also play an active role in several portfolio companies.

Arle first worked with Pettersson on the 2004 LBO of sports utility transportation business Thule, of which he was chief executive. Arle appointed him chief executive of its portfolio company Capital Safety Group in April 2010. Pettersson will leave Capital Safety to join Arle.

The GP has just completed the sale of Capital Safety to KKR for \$1.12bn, a deal announced last November. It reaped a 2.7x money multiple and 26% IRR on its original 2007 investment.

## PGE recruits senior investment manager

PANORAMIC GROWTH Equity (PGE) has appointed Jane Reoch as senior investment manager at its London office.

Reoch leaves her executive position at the Business Growth Fund to join PGE. She has more than 10 years' experience in private equity and corporate finance having worked in the transaction advisory department at PricewaterhouseCoopers and at the Cass Entrepreneurship Fund.

Reoch will focus on investments in the south-east and is set to work alongside David Wilson, who has been promoted to partner responsible for London and the south-east following the new hire.

PGE is currently making investments from its sole fund, Panoramic ECF 1, which closed on £34m in September 2010. The fund makes growth capital investments of between £500,000-2m.

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## Summit's eighth fund in \$2.7bn close

SUMMIT PARTNERS has announced the final closing of Summit Partners Growth Equity Fund VIII on \$2.7bn.

The fund will primarily invest equity commitments of more than \$45m in profitable, growing companies.

The company has also announced the closing of Summit Partners Venture Capital Fund III on \$520m. These recently announced commitments bring Summit Partners' balance

for investment in growing companies across North America, Europe and Asia to more than \$9bn.

The new equity fund sees reinvestment from investors in Summit's previous funds alongside new investors including advisers, corporate and public pension funds, entrepreneurs, family offices, financial institutions, foundations, universities and funds-of-funds.

The \$2.7bn Summit Partners Growth

### Summit Partners Growth Equity Fund VIII

<b>Closed on</b>	\$2.7bn
<b>Focus</b>	General, North America, Europe, Asia

Equity Fund VIII will make investments of more than \$45m in exchange for majority and minority stakes in growing target companies across industries including financial systems and services, technology, healthcare, consumer and industrial.

## Summit VC fund in \$520m final close

SUMMIT PARTNERS has announced the final closing of Summit Partners Venture Capital Fund III on \$520m.

The fund will make investments of up to \$45m in private companies with strong growth potential.

Along with the simultaneous closing of Summit Partners Growth Equity Fund VIII on \$2.7bn, Summit Partners has increased

its commitments for investment in growing companies across North America, Europe and Asia by \$3.22bn, bringing its total to more than \$9bn.

Previous investors in Summit's earlier funds have reinvested alongside new investors that include advisers, corporate and public pension funds, entrepreneurs, family offices, financial institutions, foundations,

### Summit Partners Venture Capital Fund III

<b>Closed on</b>	\$520m
<b>Focus</b>	North America, Europe, Asia

universities and funds-of-funds.

Summit aims to acquire majority and minority stakes in companies across various industries including financial systems and services, technology, healthcare, consumer and industrial.

## Access Capital closes fund on €500m

ACCESS CAPITAL Partners has held a final close of its fifth European small- and mid-market fund-of-funds, Access Capital Fund V Growth Buy-out Europe (ACF V), on €500m – €150m above its initial target of €350m.

The fund follows the GP's previous vehicle, which closed in June 2008 on €425m, exceeding its €300m target.

ACF V was launched in July 2010. Carry, hurdle and management fees correspond to industry standards.

ACF V attracted a diverse investor base, primarily from German-speaking countries, France, the Nordics, the UK and Benelux. In 2011, Access was awarded a €200m mandate by a US institutional investor.

### Access Capital Fund V Growth Buy-out Europe (ACF V)

<b>Closed on</b>	€500m
<b>Focus</b>	European small- and mid-market buyouts, special situations

The fund will make primary and secondary investments in European small- and mid-market buyouts as well as special situations funds executing growth-oriented strategies.

## SEP sets up £95m clean energy fund

SCOTTISH EQUITY Partners (SEP) has launched a secondaries fund and acquired the alternative energy portfolio of Scottish and Southern Energy (SSE). Together they have established the £95m Environmental

Energies Fund (EEF), which will focus on the European clean energy industry.

The investors were headed by Lexington Partners. Other investors were Hermes GPE, F&C Private Equity and Partners Group.

### Environmental Energies Fund

<b>Closed on</b>	£95m
<b>Focus</b>	Cleantech

The fund will be managed by SEP.

## Idinvest reaches €275m for debt fund

IDINVEST PARTNERS has announced the final close of its Idinvest Private Debt fund at €25m above its €250m target.

Idinvest Private Debt was announced in September 2010, and held a first close on €167m a month later.

The fund's investor base is composed of

banks, insurers, pension funds and mutual insurance companies.

The fund provides mezzanine financing for European SMEs. Investments will range from €5-15m. Additionally, the fund will invest in secondary transactions, such as senior debt buy-back, mezzanine debt and LP portfolios.

### Idinvest Private Debt

<b>Closed on</b>	€275m
<b>Focus</b>	Mezzanine debt

In June 2011, Idinvest Private Debt contributed mezzanine financing for the secondary buyout of Groupe Amplitude by Apax France.

## SEP closes fourth fund on £200m

SCOTTISH EQUITY Partners has announced the final close of SEP IV on £200m. The fund was announced in September 2011, when it had already raised £185m from existing investors, before meeting its target by the end of 2011.

SEP's previous fund, SEP III, closed on £160m in 2006.

SEP IV's carry, hurdle and fees correspond to industry standards.

Previous investors accounted for 80% of the equity in the fund. Half of the LPs are UK-based; half from continental Europe and the US. Pension funds accounted for 60% of investors. Other investors include funds-of-funds, family offices and corporate investors.

### SEP IV

<b>Closed on</b>	£200m
<b>Focus</b>	Technology

SEP will invest between £2-20m in growth-focused technology and related companies in the UK. The fund will provide £5-20m for growth capital investments and £2-10m for venture capital investments.

## Siparex closes €120m midcap fund

FRENCH GP Siparex has closed its Siparex Midcap II fund on its €120m target.

Fundraising for the vehicle began in March 2011. The fund has a 10-year lifetime with standard terms and conditions. Cabinet Ratheaux was the legal adviser; no placement agent was used.

Institutional investors contributed to 75% of the vehicle's commitments. French bank Crédit Agricole is the largest institutional LP,

investing €40m via its regional agencies.

Siparex Midcap II will follow its predecessor's strategy of investing in mid-market buyouts and growth capital transactions, aiming to complete 20-25 deals over its lifetime, with up to 20% invested outside France.

Bertrand Rambaud and Benoit Métais will be heading the fund's activities.

Siparex Midcap I closed on €124m in

### Siparex Midcap II

<b>Fund</b>	€120m
<b>Announced</b>	March 2011
<b>Closed on</b>	€120m
<b>Focus</b>	Midcap buyouts, growth capital
<b>Fund manager</b>	Siparex

2006 and has invested in 22 transactions, generating a 25.1% gross IRR and a 2.5x money multiple.

## EBRD launches €100m tech VC fund

THE EUROPEAN Bank for Reconstruction and Development (EBRD) has launched a VC programme for the technology sector.

The fund will operate across Europe, particularly in the southern and eastern Mediterranean region. The fund will be managed by an EBRD team, as well as an advisory committee.

The capital has been sourced from the EBRD.

The EBRD Venture Capital Programme focuses on technology investments in companies active in fields such as software, internet, communications, semi-conductors, mobility, media and cleantech.

Capital from the fund will be co-invested

### EBRD Venture Capital Programme

<b>Closed on</b>	€100m
<b>Focus</b>	Technology, software, cleantech

alongside traditional venture capital firms.

Target companies will be SMEs in the early or growth stages. The fund intends to make 10-20 investments by 2016, committing €5-10m per company.



## pan-European deals index

SECTOR	COMPANY	TYPE	EQUITY LEAD	COUNTRY	VALUE
CONSUMER	Hay Group	Buyout	Gores Group	Germany	c€200m est.
	National Fostering Agency	SBO	Graphite Capital	UK	£130m est
	Vacances Directes	SBO	2I Centrale Partners	France	€70m
	Hunter Boots	Buyout	Searchlight Capital Partners	UK	£50-100m
	Park Resorts	Expansion	Electra Partners	UK	£45.5m
	PinguinLutosa	PIPE	Gimv	Belgium	€44m
	Comuto	Expansion	Accel Partners	France	€7.5m
	Verdant Leisure	Acquisition finance	RJD	UK	<£25m
	Nicole Farhi	SBO	Kelso Place	UK	<£25m
	PM Retail	Buyout	FSN Capital	Norway	<€25m
	BMI	Expansion	BayBG	Germany	<€25m
	Bonmarché	Buyout	Sun European Partners	UK	<£10m
	Uvinum	Expansion	Cabiedes & Partners	Spain	€ 830,000
	Findis	Acquisition finance	Activa Capital	France	n/d
	La Senza	Receivership	Lion Capital	UK	n/d
	Skånska Byggarvaror	MBO	Polaris Private Equity	Sweden	n/d
	SFK/OTZ	Buy-and-build	Odin Equity	Denmark	n/d
	Savena Sfinc	Merger	IK Investment Partners	France	n/d
	Bahcesehir Koleji	Buyout	Carlyle	Turkey	n/d
	European Boating Holidays	SBO	FSI Regions	UK	n/d
	Lundhags	Trade sale	EQT	Sweden	n/d
FINANCIALS	Comunitae.com	Expansion	Cabiedes & Partners	Spain	€1m
HEALTHCARE	Telormedix	Early-stage	Aravis, Proquest	Switzerland	CHF 7.5m
	Archivel Farma	Trade sale	Highgrowth Partners	Spain	€4.8m
	MedLumics	Expansion	Ysios Capital Partners	Spain	€3.5m
	Labochema	Expansion	BaltCap	Lithuania	<€3m
	Industrias Hidráulicas Pardo	Expansion	Axis Participaciones Empresariales	Spain	€1.5-15m
	IkerChem	Expansion	Talde Capital Gestión	Spain	€1.5m
	Evodental	Expansion	YFM Equity Partners	UK	£400,000
	CIC	Trade sale	Baring Private Equity Partners	Spain	n/d
INDUSTRIALS	Bosch Foundation Brakes	Buyout	KPS Capital Partners	France	€500-750m
	Nord-Est	Exit	2I Centrale Partners	France	€300m est.
	Volution	SBO	Towerbrook Capital Partners	UK	€160m est.
	Elix Polymers	Buyout	Sun European Partners	Spain	€100-200m
	Benson Group	MBO	LDC	UK	£50-100m
	Brötje-Automation	Buyout	DBAG	Germany	€50-100m
	Ouvêo Group	SBO	AXA Private Equity	France	€25-50m
	Gibdock	Buyout	MVC Private Equity	UK	£28m

## pan-European deals index

SECTOR	COMPANY	TYPE	EQUITY LEAD	COUNTRY	VALUE
INDUSTRIALS	Marine Aluminium	MBO	Norvestor	Norway	<£25m
	SFPI	Exit	IDI	France	€18.4m
	Mecachrome	Acquisition finance	ACE Management	France	€17m
	Le Piston Francais	Expansion	ACE Management	France	€7m
	IEP	MBI	Foresight Group	UK	£4m
	Motor Fuels Group	MBI	Patron Capital	UK	n/d
	Emeraude International	SBO	IDI	France	n/d
	Rioglass	SBO	Ventizz Capital Partners	Spain	n/d
	CCS	Acquisition finance	Zurmont Madison	Germany	<€25m
	VCST	Replacement capital	Gimv	Belgium	n/d
	RSN Sihh	Buyout	Tyrol Equity	Germany	n/d
	LOTOS Parafiny	Buyout	Krokus Private Equity	Poland	n/d
MEDIA	Unruly	Expansion	Amadeus Capital Partners	UK	\$25m
SERVICES	CPA Global	SBO	Cinven	UK	\$1bn est.
	b2s	SBO	EdRIP	France	€50-100m
	World Trade Group	Buyout	GCP Capital Partners	UK	£27.5m
	Securlog	Trade sale	Matlin Patterson	Germany	€22.7m
	Allsystem Group	Expansion	PEP	Italy	€18m
	Efectivox	Trade sale	Vector Capital	Spain	€17.5m
	Applied Language Solutions	Trade sale	Maven Capital Partners	UK	40% IRR
	Hilson Moran	MBO	Albion Ventures	UK	£5m
	Displayplan	MBO	YFM Equity Partners	UK	n/d
TECHNOLOGY	Orange Switzerland	Buyout	Apax Partners	Switzerland	€1.6bn
	Stofa	Refinancing	Ratos	Denmark	SEK 515m
	Autologic	SBO	ISIS Equity Partners	UK	£46m
	Workplace Systems	Take-private	LDC	UK	£41m
	Soundcloud	Early-stage	Kleiner Perkins Caufield & Byers	Germany	\$50m
	Miyowa	Trade sale	CAPE	France	\$45.5m
	CSL	SBO	Bowmark Capital	UK	£32m
	takeaway.com	Expansion	Prime Ventures	Netherlands	€13m
	Maxymiser	Early-stage	Investor Growth Capital	UK	\$12m
	vLex	Expansion	La Caixa	Spain	€4m
	nfon	Expansion	Bayern LB	Germany	€4m
	Whisbi	Expansion	Active Venture	Spain	€2m
	Zentyal	Expansion	Open Ocean Capital	Spain	€ 746,000
	Xelerated	Trade sale	Amadeus Capital Partners	Sweden	n/d
	GEC	Expansion	Suma Capital	Spain	n/d

## funds raising

<i>A</i>	<i>Austria</i>	<i>D</i>	<i>Germany</i>	<i>ES</i>	<i>Spain</i>	<i>I</i>	<i>Italy</i>
<i>BE</i>	<i>Belgium</i>	<i>DEN</i>	<i>Denmark</i>	<i>F</i>	<i>France</i>	<i>LX</i>	<i>Luxembourg</i>
<i>CH</i>	<i>Switzerland</i>	<i>EL</i>	<i>Ireland</i>	<i>FIN</i>	<i>Finland</i>	<i>NL</i>	<i>Netherlands</i>
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		
BC Partners	BC European Capital IX		UK	€6,000	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 Tech (CDTI)	Innvierte		ES	€500	FA		
Constellation Capital AG	Constellation II PE Fund		CH	€100	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		
Diana Capital	Diana Capital II		ES	€175	FA		
Earth Capital	ECP Renewable Energy Fund One		UK	€750	1st		
EMBL Ventures	EMBL Tech Fund II (ETF II)		D	>€50m	1st		
Eurolight Ventures	Eurolight Ventures Fund		ES	€80-90	FA		
European Bank for Reconstruction and Development (EBRD)	European Bank for Reconstruction and Development (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		

## 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 – tech	ES, D, Scandinavia	Christopher Pommerening	+34 93 487 6666		
€100	Apr-10	Buyout, distressed companies	CEE, Central Asia, TR	n/d	+44 207 529 5008		
€200	Aug-10	Expansion – small- and mid-cap companies	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 153672050		
n/d	Feb-11	Early-stage – tech	Europe, North US, Asia	Jean-Marc Bally	+33 1 45 61 34 58		
€85	Nov-10	Buyout, expansion – tech	Europe	n/d	+353 1 603 4450		
n/d	Aug-10	Expansion – small- and mid-cap, tech	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 – tech	F, CH	Jacqueline Renard	+33 1 73 02 89 66		
€5,500	Jul-11	Buyout	Europe	Charlie Bott	+44 20 7009 4800		
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 – tech	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 – tech	ES	n/d	+34 91 581 55 00		
n/a	Apr-11	Buyout – SMEs	DACH	Ralf Flore	+41 44482 6666		
n/d	Apr-10	Early-stage – tech	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		
€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		
€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 – tech	Europe, mainly south and east Med	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 and David Barbour	+44 20 7036 5722		

## funds raising

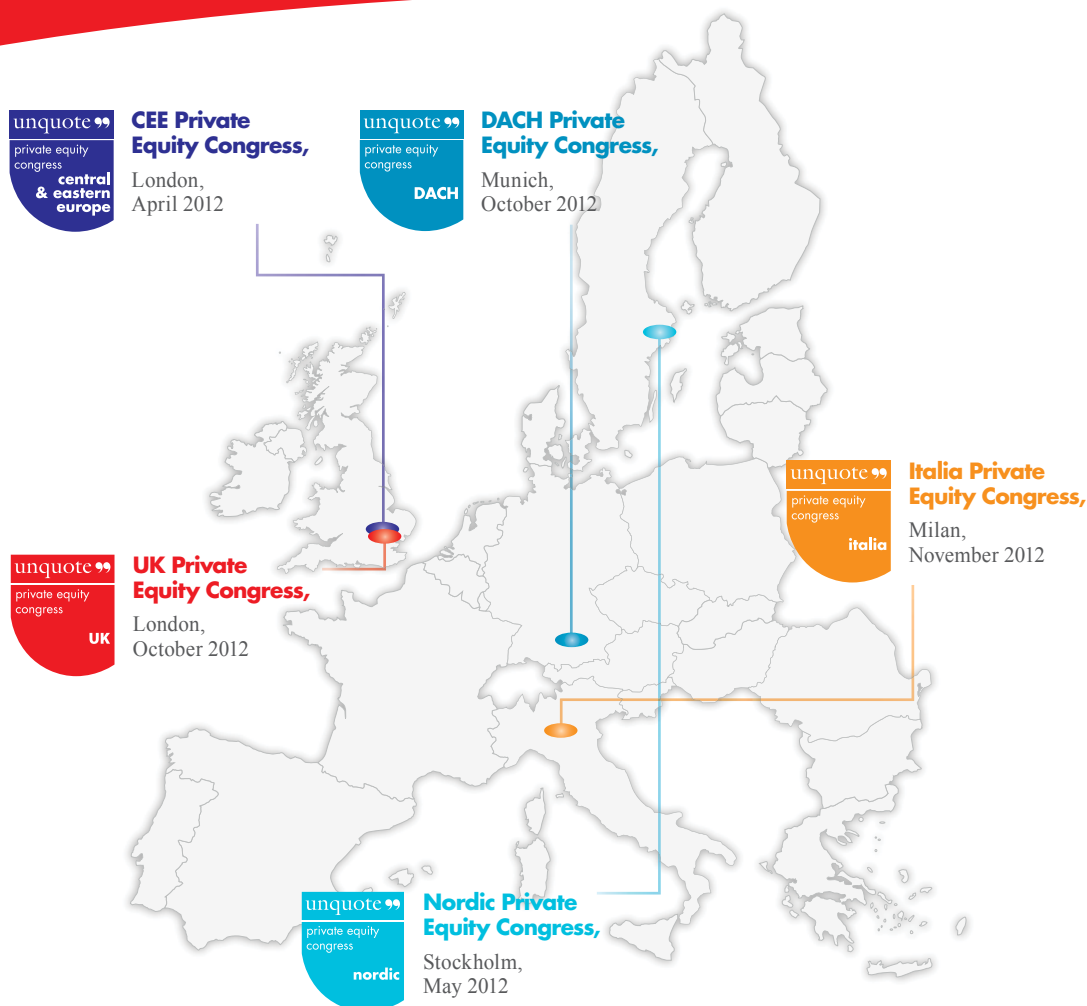
Group	Fund name	Base	Target (m)	Close
Foresight Group	Foresight Environmental Fund	UK	£200	FA
Gamesa	Gamesa Fund	ES	€50	FA
General Motors	General Motors Ventures	US	\$100	FA
Grupo Inveready	Inveready First Capital I	ES	€5	FA
I2BF and VTB	Nanotech fund	UK/ Russia	\$100	FA
IDeA Capital Funds	IDeA Energy 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	p2e	\$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
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 Tech Ventures Fund III	DEN	€100	1st
Synergo SGR	Sinergia II	I	£350	FA
The Steve Leach Partnership	The Steve Leach Partnership	UK	£20	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
£70	Mar-11	Early-stage – recycling and renewable energy	London	Matt Taylor	+44 1732 471 804
n/d	May-11	Early-stage, expansion – renewable tech	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 – tech	ES	Ignacio Fonts	+34 93 447 30 63
\$50	Oct-10	Early-stage – tech	Russian, Kazakhstan	Ilya Golubovich	+44 20 3405 1974
n/d	Nov-10	Buyout, expansion – cleantech sector	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 0516566023
n/d	Feb-11	Early-stage – medical tech	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 – biotech	Europe, US	Mark Wegter; Joep Muijers and 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
€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 – tech	Europe, 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 – tech	DACH	Gerhard Fiala	+43 1 533 32 33 10
€4	Mar-11	Early-stage – medical services and biotech	ES	Borja García Nieto	+34 93 2701212
\$200	Jun-10	Funds-of-funds	North 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 – tech and life sciences businesses	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
€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 2

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