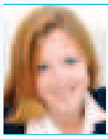
unquote analysis nordics

June 2012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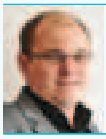
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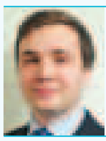
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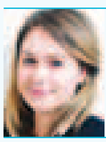
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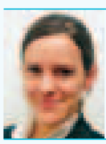
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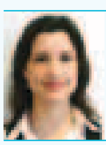
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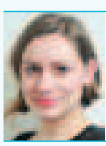
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State of the Nordics' financial markets

AS PREVIOUSLY reported last month, ratings agency Moody's has downgraded Swedish banks Nordea and Svenska Handelsbanken to Aa3, and Norwegian DNB Bank to A1 – all by one notch, with a stable outlook. Mutually-owned lending institution Landshypotek was cut by two notches to Baa2, but also given a stable outlook.

According to the *unquote" European Buyout Review* (*unquote.com/1588448*), Nordea has been the most active leveraged finance provider in Sweden over the last five years. Svenska Handelsbanken ranked third. The agency said it made the downgrade because of "the potential for further shocks emanating from the eurozone debt crisis to affect confidence in banks across Europe". It specifically quoted four key drivers behind the action in Sweden.

1. A comparatively high reliance on wholesale funding, leaving the banks exposed to changing investor sentiment.

2. Modest profitability deriving from price competition for retail loans in a low interest rate environment.

3. It argues the economy and corporate borrowers would suffer from potential weakness in Europe, and that banks' variable-rate mortgage books are vulnerable to credit deterioration under rising interest rates.

4. The downgrade of Landshypotek was due to its reliance on a single market – agricultural lending – and covered bonds.

Nonetheless, and in line with previous coverage of the Nordic banking system, Moody's reiterated that Swedish banks "remain at the higher end of the range across large Western European banking systems" and are in a stronger position to manage credit risk than their counterparts in wider Europe.

Moreover, it points to three factors as mitigating the downgrades: positive growth in the economy, banks' ability to access market funding, and improved capitalisation.

On the other hand, it warns that a slowdown of the economy or disruption in capital-markets access might change the

Big boost in Spring dealflow

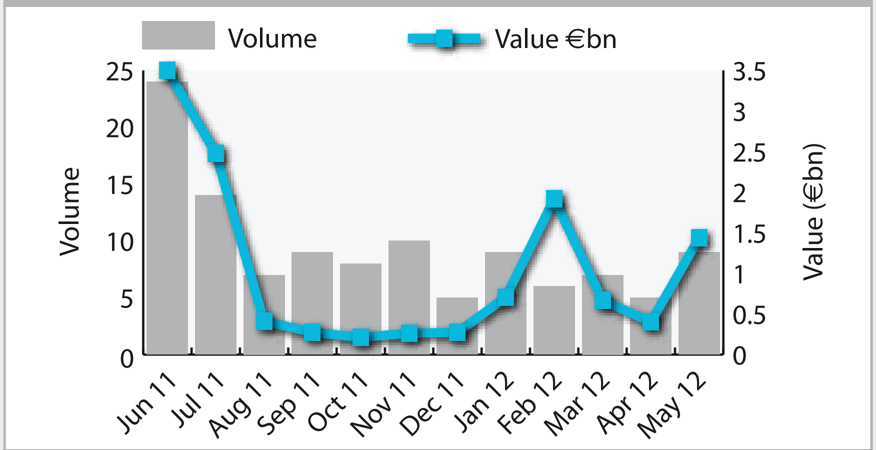
Nordic activity rebounded sharply in May as nine deals worth an estimated €1.4bn were recorded: more than double the volume, and more than four times the value of the previous month.

This market marks the ongoing dominance of Nordic Capital, who backed the Danish buyout of Sport-Master (€150-200m est) and the Finnish SBO of discount retailer Tokmanni Group (€250-500m est). Bain Capital is also still very active in the region with the SBO of Bravida, a business service provider ($1bn est).

In the mid-market, Altor bought out co-investor Bure Equity from bank and insurance businesses Carnegie & Max Mathiessen for around €70m.

In the small-caps segment, Almi Invest provided expansion capital to Arkub for some €1.5m while PEQ and Norvestor announced two MBOs estimated to be <€25m each: Inlasningstjänst and Sortera.

Volume and value of deals in the Nordics region



Source: *unquote" data*

outlook and specifically warned Swedbank and SEB over their exposure to the Baltics.

In defiance of the gloomy Moody's outlook, a risk survey published near-simultaneously by the Swedish central bank (Riksbank) reveals that financial market confidence has increased significantly from last autumn. Some 69% of the participants, active in local fixed-income and foreign exchange markets, believed markets have improved either slightly or significantly over the previous six months.

One of the key reasons for the upbeat mood is the Long-Term Refinancing Operation launched by the ECB during the period; but participants have been careful to avoid speculating on potential long-term effects, labelling it as a temporary solution for a long-term problem. On the other hand, fiscal reforms in at least some of the indebted countries were believed to have contributed to increased liquidity and risk propensity on the markets – factors that have come to play an increasingly important role in the age of regulation.

Participants expected Basel III to increase funding costs for banks, thus adding to the price of debt for individuals and companies alike. Similarly, Solvency II was expected to increase risk-aversion among insurance companies. A majority of participants anticipated their own risk propensity to remain unchanged in the near future.

In summary, and despite the downgrade of three Swedish banks by Moody's, local financial markets seem to be coping reasonably well with the European debt crisis. Significant financial and regulatory risks are accounted for and appear to be under control. Although the price of leverage has undoubtedly gone up, it has remained more accessible in the Nordics than in other parts of Europe.

> *"[Swedish banks] remain at the higher end of the range across large Western European banking systems"*
>
> Moody's

Nordic credit remains more readily available

THE NORDIC countries have enjoyed a lower proportion of all-equity buyouts than the rest of Europe for several months now, highlighting easier access to leverage in the region.

unquote" data did not record any all-equity transactions in the Nordic region for the second half of 2011 and the first quarter of 2012. By comparison, such deals accounted for more than 25% of all European buyouts in H2 2011 before falling to around 10% in Q1 this year.

In contrast to the wider European situation, debt has been increasingly available for funding Nordic buyouts since 2009, even when bailout packages for strained Southern European countries were being negotiated in H2 2010 and H2 2011.

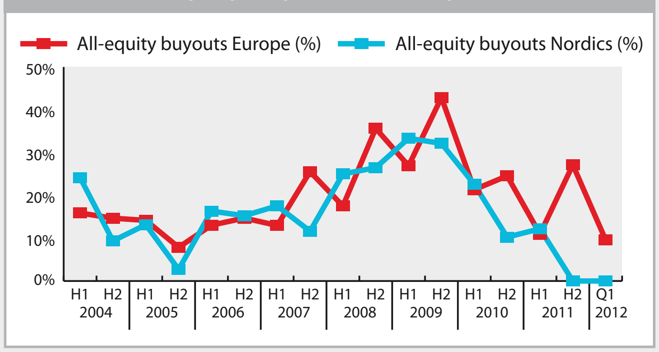
Emergence of a local high-yield market

"Banks remain very well capitalised and have no reluctance to lend, especially to good sponsors," says Patrick de Muynck, a senior partner at EQT in Stockholm responsible for the firm's debt-raising activities. "Leverage is readily available for the mid-market," he adds. "However, it is increasingly combined with high-yield bonds for larger transactions – a trend largely explained by the drying up of the CLO markets, and which favours the creation of a pan-Nordic high-yield market of growing interest to local banks."

Simon Wakefield, global head of acquisition finance at SEB Bank, agrees: "The local high-yield market is very much on the rise and SEB is actively involved in talking to potential issuers and investors."

But refinancing portfolio companies, which has been on the wane since 2008, will be affected by the same lack of CLOs: "The fight for yield will not cause problems for performing companies, to the contrary, but will affect the ones that are more borderline. Eventually, refinancing debt will be a question of price," says de Muynck.

All-equity buyouts in Europe and Nordics



Source: *unquote" data*

Macro challenges make manager selection crucial

The Nordic region has enjoyed a boon of LP interest in recent years, but global economic woes will make outperformance harder. Kimberly Romaine reports from Stockholm

unquote private equity congress nordic

THOUGH THE Nordics stood out in 2011 as one of Europe's safer havens, the IMF has recently revised growth forecasts to just 1% for this year, down from 2.4% last year. Brakes on global growth include fiscal consolidation, bank deleveraging (expected to significantly decrease output) and household deleveraging, according to Rodolphe Blavy, senior economist at the IMF and keynote speaker at this year's *Nordic unquote" Private Equity Congress*.

This is because the region is not as insulated as previously believed, and is in fact directly exposed to oil supply shocks, deemed one of the largest downside risks to the economy.

Private equity will suffer on the whole as a result. "Prices did not really fall in the last three years and leverage is much more difficult to get. There is also no backwind from growth, so we must be prudent and expect returns to go down," points out Jesper Knutsson, senior investment manager at Danske Private Equity. "It is very hard nowadays to turn things round. Some will manage to do it, but average returns will go down and median returns will be very low. This will shock many LPs."

> *"Expectations of portfolio valuations are more subdued because of marking to a down market. However, actual exits have delivered, so far, the same returns as in the past"*
>
> Tom Berggren, Optimized Portfolio Management

And so it is in these tough times that investors often flock to "brand-name" GPs – usually the largest ones. Indeed, in March *unquote" data* recorded €14bn raised for European buyouts by just three GPs, despite it being an extraordinarily difficult backdrop.

"Expectations of portfolio valuations are more subdued because of marking to a down market. However, actual exits have delivered, so far, the same returns as in the past," says Tom Berggren, partner at Optimized Portfolio Management.

"By and large, we pushed small and mid-market managers to our clients. Frustratingly, many clients prioritised larger players," says Michael Russell, former head of Europe for gatekeeper Altius Associates.

Some of this made sense: "The more the macroeconomic environment is strained, the more opportunities there are for large deals, as corporates spin off assets," Russell explains. "I am surprised, but large buyout houses have produced higher returns than we had expected," Knutsson adds.

However they are not all deserving of investment. "A lot of the closes show the strength of relationships and marketing," Russell warns. "There will be a shake-out. Investors should employ some scepticism rather than waiting to see how the fallout materialises."

Again, it boils down to manager selection. Says Russell: "The broad, pooled collective of investors will not do as well as in the past. So it is about selecting a few strong players. Capital is used productively by some GPs and they produce surprisingly high returns in tough conditions. It is what they are paid to do. Now your work as LPs is to figure out who can navigate their way to the best transactions nowadays."

The eighth annual *Nordic unquote" Private Equity Congress* was sponsored by Coller Capital, PricewaterhouseCoopers, Delphi, Jersey Finance, SJ Berwin and Burson-Marsteller. ■

LARGE-CAP

EQT exits Dako for DKK 12.8bn

NAME	Dako
DEAL	Trade sale
VALUE	DKK 12.8bn
LOCATION	Glostrup
SECTOR	Medical supplies
FOUNDED	1966
TURNOVER	DKK 1.9bn (sales)
EBITDA	DKK 600m
STAFF	1,000
VENDOR	EQT Partners

unquote.com/2175830

EQT PARTNERS has sold Danish cancer diagnostics company Dako to NYSE-listed Agilent Technologies for DKK 12.8bn.

EQT acquired Dako for DKK 7.25bn in March 2007, investing from EQT V.

The company was previously family-owned and backed by healthcare company Novo Nordisk.

EQT stated Dako has invested significantly in R&D, strengthened its commercial organisation and has entered key emerging markets.

ADVISERS

Vendor – Goldman Sachs International (Corporate finance); Accura (Legal); Davis Polk (Legal).

Nordic Capital *et al.* sell Nycomed spinoff Fougera for $1.5bn

NAME	Fougera Pharmaceuticals
DEAL	Trade sale
VALUE	$1.56bn
LOCATION	New York
SECTOR	Pharmaceuticals
FOUNDED	1849
TURNOVER	$429m
STAFF	700
VENDOR	Nordic Capital, DLJ Merchant Banking Partners, Avista Capital Partners

unquote.com/2172262

NORDIC CAPITAL, DLJ Merchant Banking Partners (DLJMB), and Avista Capital Partners have sold US-based Nycomed spinoff Fougera to Swiss trade player Novartis for $1.56bn.

The deal brings the total Nycomed exit value up to around €10.7bn. Equity for the original investment came from Nordic Capital funds V and VI.

Managing partner Kristoffer Melinder stated that Nordic Capital has supported the company with a number of operational improvements since 2011. More specifically, there has been renewed focus on growth in generic drugs sales, strengthening of production and a redeployment of the sales force to focus on key products. Moreover, it has backed a new management team, led by Brian A Markison.

Nordic Capital initially backed a £377m MBO of Nycomed in 1999, subsequently selling the company to DLJMB, Blackstone *et al.* in 2002. It reinvested in the company in 2005, then valued at €1.8bn.

Nordic Capital exited Nycomed to Japanese trade player Takeda in a €9.6bn deal in May 2011 (*unquote.com/2072264*), but kept Nycomed US, which was rebranded Fougera.

Bain Capital buys Bravida in SBO from Triton Partners

NAME	Bravida
DEAL	SBO
LOCATION	Stockholm
SECTOR	Business support services
FOUNDED	1967
TURNOVER	SEK 10.8bn (net sales)
EBITA	SEK 664m
STAFF	8,000
VENDOR	Triton Partners

unquote.com/2174429

BAIN CAPITAL has bought Swedish technical installation and services solutions company Bravida from Triton Partners in a tertiary buyout.

Reports first emerged about the deal in late 2011 and Bain was listed as one of the parties in a second bidding round earlier in April. According to reports, other participants included EQT, Apax Partners, and PAI partners. It was suggested at the time that the company might be valued at around $1bn.

Triton acquired Bravida from a consortium of investors, including Telenor, Procuritas Capital Partners, Sampo Liv, Investment, Latour and Säki, in a secondary buyout in 2006. Svenska Handelsbanken provided debt for the transaction.

MID-CAP

Nordic Capital buys Danish firm Sport-Master

NAME	Sport-Master
DEAL	Buyout
VALUE	c€150-200m est
LOCATION	Ballerup
SECTOR	Clothing & accessories
FOUNDED	1979
STAFF	1,000

unquote.com/2178271

NORDIC CAPITAL has acquired Danish sporting goods chain Sport-Master.

The investment was made through the Nordic Capital Fund VII vehicle, which closed on €4.3bn in 2008.

Nordic Capital will look to support the company's expansion and the development of its market position in Denmark.

Founded in 1979 and based in Ballerup, Sport-Master is a sporting goods retailer operating in Denmark, the Faroe Islands and Greenland. The firm also owns the franchise Sport Danmark.

The chain employs more than 1,000 members of staff across its 100 stores.

ADVISERS

Equity – SEB Enskilda (Corporate finance).

For more information on these deals, please visit the URL listed in each write-up.

SMALL-CAP

Industrifonden and SEB VC sell Coresonic

NAME	Coresonic
DEAL	Trade sale
VALUE	$35m
LOCATION	Linköping
SECTOR	Technology Hardware & Equipment
FOUNDED	2004
VENDOR	Industrifonden, SEB Venture Capital

unquote.com/2169849

INDUSTRIFONDEN AND SEB Venture Capital have divested their stakes in Swedish technology company Coresonic to Gaintech, a subsidiary of Taiwanese trade player MediaTek.

The company, which was valued at $35m, will continue to be based in Linköping, Sweden, and develop intellectual property for its new owner.

Industrifonden first invested SEK 10m in Coresonic in September 2007. It invested another €500,000 alongside SEB Venture Capital, which provided €1.5m, in June 2010. This brought the total investment in Coresonic up to around €3m.

Norvestor backs Sortera MBO

NAME	Sortera Skandinavien
DEAL	MBO
VALUE	n/d (<€25m est)
LOCATION	Jordbro
SECTOR	Waste & disposal services
FOUNDED	2006
TURNOVER	SEK 80m
STAFF	47

unquote.com/2175492

NORVESTOR EQUITY has backed the MBO of Swedish waste handling business Sortera Skandinavien.

Norvestor took a 75% stake in the company, leaving the founders with 25%. Equity for the transaction was invested from Norvestor VI, which has yet to reach final close.

Norvestor will support the Nordic expansion of Sortera organically and through add-on acquisitions.

PEQ invests in Inläsningstjänst MBO

NAME	Inläsningstjänst
DEAL	MBO
VALUE	n/d (<€5m est)
LOCATION	Stockholm
SECTOR	Business support services
FOUNDED	1990
TURNOVER	SEK 38m (2010)
STAFF	12
VENDOR	Rendahl family

unquote.com/2175156

PEQ HAS backed the MBO of educational services provider Inläsningstjänst.

The deal represents the first investment for PEQ Invest II, which closed at SEK 110m in 2011. Previous owners, the Rendahl family, will keep a minority stake in the company.

Reiten & Co exits Ellipse Klinikken

NAME	Ellipse Klinikken
DEAL	Trade sale
LOCATION	Oslo
SECTOR	Healthcare
FOUNDED	1998
VENDOR	Reiten & Co Capital Partners

unquote.com/2170961

REITEN & Co Capital Partners has exited cosmetic treatments provider Ellipse Klinikken to Swedish private clinic chain Akademikliniken.

The firm did not disclose the exit value but the GP states that the company's growth slowed down towards the end of the holding period.

Reiten took a majority stake in Ellipse Klinikken through its RCP VI fund in 2006. The GP introduced a new management team and shifted the company's profile towards medical services.

Litorina exits Tolerans

NAME	Tolerans
DEAL	Exit
LOCATION	Tyresö
SECTOR	Industrial machinery
FOUNDED	1947
TURNOVER	SEK 76m
STAFF	35
VENDOR	Litorina

unquote.com/2173795

LITORINA HAS divested Swedish stitching systems company Tolerans to chief executive Jan Melin and a consortium of investors.

Litorina commented that it had strengthened the international presence and broadened the product portfolio of the company over the course of the investment.

Litorina took a 95% stake in Tolerans through an MBO in January 2006, with then-chief executive Michael Kron holding the remaining 5%. Mezzanine was provided by Kaupthing Singer & Friedlander, which has been in administration since 2008.

EARLY STAGE & EXPANSION

Altor ups stake in Carnegie and Max Matthiessen

NAME	Carnegie / Max Matthiessen
DEAL	Replacement capital
VALUE	SEK 629m
LOCATION	Stockholm
SECTOR	Banks
FOUNDED	1803 / 1889
TURNOVER	€330m (combined 2010)
STAFF	1,280 (combined)
VENDOR	Bure Equity

unquote.com/2171962

ALTOR HAS bought out co-investor Bure Equity from portfolio companies Carnegie and Max Matthiessen.

Bure sold its c30% stake for SEK 629m, with a SEK 106m earnout provision. Altor provided equity via Altor Fund III, which closed on €2bn in September 2008.

In February 2009, Altor and Bure bought Carnegie and Max Matthiessen in two separate auctions held by the Swedish National Debt Office. Prior to the management team's investment, Altor held a 65% stake in the newco, while Bure had a 35% shareholding. The total enterprise value for the two companies, which are managed separately, was SEK 2.275bn.

Enterprise Investors injects €5.5m into BLStream

NAME	BLStream
DEAL	Expansion
VALUE	€5.5m
LOCATION	Helsinki
SECTOR	Software
FOUNDED	1999
TURNOVER	€10.5m
STAFF	250
unquote.com/2170294	

ENTERPRISE INVESTORS has injected €5.5m into Finland-based software company BLStream in exchange for a 35% stake.

The investment was made through the Enterprise Venture Fund I vehicle, which closed on €100m in 2008. Investments from the fund range from €1-6m and usually target SMEs operating in Poland and other CEE countries.

Northzone in $3m EyeTrackShop deal

NAME	EyeTrackShop
DEAL	Expansion
VALUE	$3m
LOCATION	Stockholm
SECTOR	Computer services
TURNOVER	<$5m
EBITDA	negative
STAFF	35
unquote.com/2178410	

NORTHZONE HAS led a $3m investment round for online eye-tracking technology developer EyeTrackShop alongside a small number of business angels.

This is the company's first institutional investment. The fresh funding will be used to speed up EyeTrackShop's international expansion, with the possibility of relocating the company to the US.

Northzone acquired a minority stake in the transaction, leaving the majority interest with the company's parent, Tobii Technologies.

Incitia Ventures backs Campadre

NAME	Campadre Scandinavia
DEAL	Expansion
VALUE	SEK 20m
LOCATION	Stockholm
SECTOR	Clothing & accessories
TURNOVER	SEK 34m
STAFF	20
unquote.com/2170507	

INCITIA VENTURES has taken a minority stake in Swedish online private sales company Campadre Scandinavia.

The SEK 20m deal represents Norway-based Incitia's first investment in e-commerce.

Partner Jens Petter Falck believes Campadre's management and business model, which was reportedly pioneered in France in the early 2000s, offers substantial potential in the Scandinavian market.

ADVISERS

Equity – Törngren Magnell (Legal).

Management – GP Bullhound (Corporate finance).

Almi backs Arkub with SEK 12m

NAME	Arkub
DEAL	Expansion
VALUE	SEK 12m
LOCATION	Arboga
SECTOR	Telecommunications Equipment
FOUNDED	2002
TURNOVER	est. SEK 45m
STAFF	30
unquote.com/2172328	

ALMI INVEST has taken part in a SEK 12m funding round for Swedish telematics company Arkub. Investment manager Johan Crona of Almi Invest commented that the company is benefiting from demand to optimise machinery and vehicle usage by connecting them through the internet.

Arkub, founded in 2002, develops machine-to-machine solutions allowing vehicles and machinery to communicate data.

VC firm Fouriertransform invests SEK 10m in ArcCore

NAME	ArcCore
DEAL	Expansion
VALUE	SEK 10m
LOCATION	Gothenburg
SECTOR	Software
FOUNDED	2009
TURNOVER	SEK 10m
STAFF	15
unquote.com/2174435	

SWEDEN-BASED VENTURE capital firm Fouriertransform has invested SEK 10m in Swedish software developer ArcCore.

Fouriertransform secured a 31% stake in the company, while existing holding company 3core will retain 69% of the shares.

The investment is intended to support ArcCore's product development and international expansion.

ArcCore, founded in 2009, provides products and services for the embedded systems market, with a particular focus on the car industry. Based in Gothenburg, Sweden, it employs 15 staff and generated a SEK 10m turnover in 2011.

Didier Schreiber worked on the deal for Fouriertransform.

ADVISERS

Equity – Delphi, Johan L Nilsson, Leif Ramberg, Caroline Ygge, Fredrik Jorstadius, Siri Mårtensson (Legal).

Trade winds blowing

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

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

GO BACK 10 years, and talk of China and India centred around low-cost manufacturing. Now, *unquote"* has recorded six sales of European private equity-backed businesses to trade buyers in these emerging markets in the last 18 months, with Lion Capital's sale of UK cereal business Weetabix to China's Bright Food for £1.2bn the latest in Europe. That week, Indian drugmaker Piramal Healthcare bought US-based healthcare data provider Decision Resources Group from Providence Equity Partners for $635m. A month earlier, Duke Street sold Adelie Food to India Hospitality for $350m, and, in December 2010, Italy's Investindustrial reaped a 3.6x multiple when it sold Italmatch Chemicals to a Chinese investor, a few months after opening a Shanghai office.

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

> *"There are numbers of companies sitting on large amounts of cash. They are being encouraged, as a matter of Chinese national policy, to have more international brands"*
> **Jonathan Reardon,** Pinsent Masons

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

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

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

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

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

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

"Acquiring an established western brand lends authenticity to the purchaser, while the purchaser has access to new markets and possibly more efficient manufacturing techniques to help grow profit," says Simon Turner, managing partner at Inflexion Private Equity.

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

Who you know or what you know?

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

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

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

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

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

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

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

"Clearly, when a portfolio company operates locally, it helps attract attention; that could be on either the sales side or supply chain," says Turner. "We also think that a local presence helps and the support teams we have in place will certainly help us. Particularly in the markets we focus on, local knowledge and local relationships unlock opportunities. Local corporate finance relationships are important too, but, as with all relationships, you need to keep them warm, so being in the same location is paramount."

"Clearly, when a portfolio company operates locally that helps attract attention"

Simon Turner, Inflexion Private Equity

Long-distance relationship

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

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

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

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

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

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

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

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

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

Indeed the auction by 3i of loading equipment maker Hyva Group ultimately went to a Hong Kong consortium, but attracted at least one Chinese trade bidder. CSFB in London was the mandated corporate financier and involved its Asian offices.

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

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

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

Notable European private equity exits to emerging-market buyers

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

Source: *unquote data"*

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

Listed private equity recovery underway

Stuart Howard, COO, HarbourVest

THE RECENT past has been tough for private equity's listed funds. Subjected to the full force of public markets during the fallout of the financial crisis, many vehicles have seen progressively dwindling share prices and deepening discounts.

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

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

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

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

Five-year %NAV performance*

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

* Selected funds, May 2007 to YTD

Source: Morningstar

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

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

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

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

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

> *"I have spent a lot of time explaining to investors that private equity is not overvalued, and it's not all about fees on top of fees"*
> **Stuart Howard,** HarbourVest

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

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

Show me the dividend

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

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

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

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

However, despite investor appetite for yield at the moment, listed private equity is, and will remain, an asset class that is primarily focused on capital growth over income, and those investing should expect a long-term commitment.

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

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

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

Total return performance to period ending 20 April 2012

	1 year	3 year	5 year	10 year
LPX Europe NAV	3.52%	35.08%	-7.3%	41.29%
LPX Europe	-12.51%	91.22%	-46.84%	8.01%
MSCI World	7.17%	60.25%	-4.41%	10.82%
MSCI Europe	-4.1%	50.81%	-20.71%	16.68%
FTSE All Share	7.31%	76.89%	-11.69%	24.51%
S&P500 Composite	16.18%	72.56%	6.59%	0.74%

Source: LPX

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

Secondaries boom unlikely to end soon

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

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

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

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

Also, the effects of Solvency II may not be as stark as feared: even though small companies implementing the standard model are likely to be more affected than the larger ones, most seem to have got to grips with the unusual package and realise holding illiquid and rather low-risk private equity assets is not so bad. Roger Johanson, head of venture capital and infrastructure investments at Skandia Life, shares this view: "Whether or not Solvency II will have an adverse impact on private equity allocation also depends on the broader financial and macroeconomic environment, rather than on the package itself. LPs that have a wide experience of private equity investments are barely affected."

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

Bernhard Engelien, Cogent Partners

A market unlikely to slow soon

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

The expected wall of refinancing will also affect the industry, reducing the opportunities for exits and therefore distributions. Signs of GPs restructuring are likely to surface more frequently as well, according to both Lanel and Groen, as was recently illustrated by the spin-off of Omnes Capital (*see unquote" Analysis, June 2012, page 52*). "But the need for an attractive strategy and the stamina required will limit the number of successful spin-offs," warns Groen.

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

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

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

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

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

Lack of distributions continues to fuel secondaries as capital calls increase

Greg Gille reports

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

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

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

This trend is not expected to abate in the coming months as the exit market remains tough for GPs to navigate. "One should not expect divestment activity to significantly take off in 2012. There are still weaknesses in all exit channels. Many portfolio companies are not ready for a sale yet – their valuations are still too low to enable GPs to reap positive returns," warned Bain & Company associate Daphné Vattier while commenting on the firm's latest private equity outlook in a statement.

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

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

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

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

AIFMD: Concerns over lack of suitable depositaries

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

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

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

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

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

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

"For depositaries, the line to being held strictly liable is drawn too harshly. It is a 'guilty before proven innocent' regime"

Justin Partington, Ipes

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

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

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

EU assets remain attractive despite euro crisis

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

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

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

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

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

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

Christopher Flowers, chief executive of US private equity firm JC Flowers, recently made headlines with his relocation to the UK. His firm owns ex-KBC insurance unit Fidea in Belgium and has a particular focus on distressed financial institutions. Considering the recent surge of spinouts from financial institutions, this sector is likely to see increased activity in the near future.

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

Graeme Gunn, SL Capital

Buyers' market

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

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

Company valuations going down

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

Argos: Mid-cap valuations register modest drop

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

"Quite a few LBO players still have capital to put to work. Few deals get done, but those that do go through are for the very best assets"
Karel Kroupa, Argos Soditic

Lower mid-cap LBO activity remained particularly subdued in Q1 this year. According to *unquote" data*, such transactions fell by a quarter in volume and a third in value compared to the last three months of last year, which already witnessed a sudden drop compared to the rest of 2011.

Vote of confidence

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

That the median entry multiple only fell by 5.3% shows that the few assets that did change hands were deemed robust and promising enough to command substantial price tags. "Quite a few LBO players still have capital to put to work. Few deals get done, but those that do go through are for the very best assets," notes Kroupa. "This 'flight-to-quality' phenomenon – even though it is becoming less prominent – partly explains why multiples haven't dropped more while activity has clearly taken a step back."

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

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

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

Company valuations going down

Private companies rethink pricing

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

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

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

The sentiment chimes with Argos Soditic's findings (*see previous page*), which indicate valuations fell across Europe's mid-market in the Q1 2012 from an average of 7.7x to 7.4x.

But the picture is inconsistent, with many businesses continuing to attract relatively high valuations despite the many economic problems currently facing Europe. Barbour, who is primarily focused on smaller UK buyouts and growth capital, says non-owner managed businesses tend to be more likely to cut their valuation: "In a lot of businesses, shareholders are taking a portfolio view and are now coming into the market looking to gain liquidity. Often we see businesses with a number of shareholders with many looking to exit, and the rest can be rolled over into the buyout structure," he explains. By contrast, owner-managed and family owned businesses have tended to be far more sticky on their pricing, holding out for a better price. For those who do not need liquidity and place a premium on the value of the businesses they have built up, it is unlikely they will drop valuations unless they have to.

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

Cash-rich corporates can certainly afford to pay for highly valued businesses. However, they tend to be looking for those businesses that are very much pre-packaged, and can be added on to their existing businesses with minimal disruption. This is where private equity bidders should see an opening to buy businesses that are a little rough around the edges to refine and sell on to corporate bidders. Obtaining exclusivity and avoiding auction processes will also be important for firms looking to capitalise on lower valuations.

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

David Barbour, FF&P Private Equity

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

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

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

Lawyers: your most valuable asset?

THE CURRENT employment market for private equity legal professionals is remarkably dynamic. "Over the last year on the fund formation side, there has been significant market disruption," says recent Proskauer Rose hire Kate Simpson, who joined the firm last year, alongside SJ Berwin's Nigel van Zyl and Oliver Rochman, to form a fund structuring team. Whole teams have been poached and partners have hopped from firm to firm, some more than once.

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

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

Long-term relationships

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

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

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

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

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

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

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

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

A second reason for the contemporary competition for legal professionals could lie in the widening eyes of US investors, whose focus is falling to European markets. "US firms have started to move more strategically into the European markets, firstly because they want to be in Europe but also because they see it as a gateway into Asia," says Simpson. "As a result, fund formation houses are looking for international counsel that can manage US and European elements." Indeed, a number of the recent moves have involved lawyers from Europe-focused practices moving to firms with a wider, international focus.

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

Moving in-house

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

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

Casualty of the Great Recession

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

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

Opportunities in Central and Eastern Europe

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

John Bakie: What sort of criteria are you looking for when selecting investments?
Petra Salesny: We pursue a threefold investment strategy with our Central & Eastern Europe (CEE) funds-of-funds: we make primary commitments, buy mature fund interests in secondary transactions, and make direct co-investments.

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

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

JB: Are there a lot of struggling investors?
PS: Immediately after the financial crisis, many investors sought to, or needed to, liquidate what they could in order to reduce their commitments.

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

JB: Some Western European fund managers have come under fire over the 2 & 20 pricing model. Is this also an issue for LPs investing in CEE?
PS: For us, it's about generating absolute net returns that are attractive; fees are taken into account when assessing this.

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

JB: Which geographies and sectors across CEE are the most interesting for you at the moment?
PS: CEE is not a homogenous region and this is something that the financial crisis has further highlighted.

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

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

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

Petra Salesny,
Alpha Associates

McDermott picks up Dewey & Leboeuf duo

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

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

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

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

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

DFJ Esprit appoints venture partner

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

Peter Keen, venture partner, DFJ Esprit

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

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

Maven names new investment director

MAVEN CAPITAL Partners has hired Ben Bolt as investment director.

Ben Bolt, investment director, Maven

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

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

Altius adds to infrastructure team

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

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

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

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

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

Ingenious Media expands corporate finance team

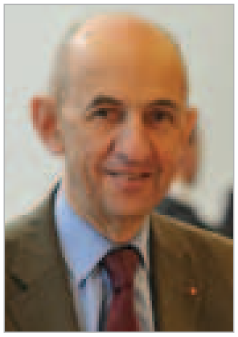
INGENIOUS MEDIA has recruited new corporate financiers David Brooks and Toby Ramsden, both of whom will join as managing directors.

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

EADS chief exec Louis Gallois to join FSI board

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

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



Louis Gallois, board member, FSI

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

Cipolletta replaces long-time AIFI president

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

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

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

Innocenzo Cipolletta, president, AIFI

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

Lloyds announces six senior promotions

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

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

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

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

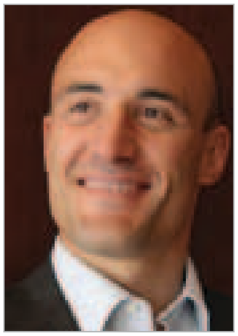
Associate director Rob Klijn has joined the Amsterdam office.

Duane Morris expands private equity practice in Europe with hire

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

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

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



Pierfrancesco Carbone, partner, Duane Morris

Riverside names firm's first president

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

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

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

YFM appoints non-exec chairman

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

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

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

Andrew Marchant, non-executive chairman YFM Equity Partners

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

Commenting on Marchant's new role, YFM managing director David Hall said: "He brings a deep industry knowledge and network that will be invaluable to our business as we continue to expand our funds under management, particularly with institutional investors throughout the UK and Europe."

David Rolfe joins NVM Private Equity as partner

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

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

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

David Rolfe, investment partner, NVM Private Equity

Gresham takes on investment manager

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

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

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

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

Dow Schofield Watts hires four

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

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

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

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

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

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

Simon Borrows new 3i CEO

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

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

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

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

Queen announced his decision to step down at the end of March. He joined 3i in 1987, became executive director in 1997 and chief executive in 2009. Commenting on his decision, he said in a statement: "It has been a privilege to lead such an outstanding organisation as 3i. I am pleased that after a difficult period, 3i is now well placed to achieve its full potential. Having restored 3i's financial strength, the time is right for me to seek a new challenge and for 3i to appoint a new leader to build on this position."

Simon Borrows, chief executive, 3i

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

Fewtrell was most recently managing director and head of EMEA loan sales, global markets at HSBC. There he was responsible for managing the bank's institutional loan sales business, covering both primary and secondary markets.

LinkedIn co-founder joins German tech VC Earlybird

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

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

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

Guericke is said to be well networked in the US and Europe and played a part in the growth of professional network LinkedIn. He also served as chief executive of social communications start-up jaxtr and sits on the board of several other start-ups.

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

Konstantin Guericke, partner, Earlybird

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

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

COO of AXA PE leaves for ADIA

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

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

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

SEP adds ex-MSP to advisory board

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

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

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

DC hires new director

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

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

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

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

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

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

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

VEP Fund IV	
Target	$2.5bn
Closed on	$3.5bn, May 2012
Fund manager	Vista Equity Partners

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

ISIS closes fifth fund on £360m

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

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

The GP invested £3.7m in day nursery operator Happy Days in April. ISIS also reaped a 15x money multiple and 69% IRR when it sold UK-based online retailer Wiggle to Bridgepoint for £180m in December last year.

ISIS V will follow its predecessor's investment strategy, targeting growth equity and buyout transactions of UK businesses valued in the £20-75m range. ISIS usually invests £2-30m of equity per transaction.

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

ISIS V	
Closed on	£360m, April 2012
Focus	UK growth capital and buyouts
Fund manager	ISIS Equity Partners

Headway launches new $373m fund

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

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

The Coller Capital spinout is still investing from Headway Investment Partners II, which held a final close on €150m in 2008.

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

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

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

Headway Investment Partners III	
Target	$373m
Announced	April 2012
Focus	Direct secondaries
Fund manager	Headway Capital Partners

Montefiore Investment targets €180m for third fund

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

The firm closed its previous vehicle, Montefiore Investment II, on €120m in early 2009. It is now 70% invested. Montefiore will start investing from the new fund when the second vehicle is fully invested.

Existing Montefiore LPs have already confirmed interest for 50% of the new vehicle. In addition, Montefiore has added to its LP base a European bank and a US-based fund-of-funds.

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

Montefiore Investment III	
Target	€180m
Announced	May 2012
Focus	France, lower mid-cap
Fund manager	Montefiore Investment

Idinvest launches mezzanine fund

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

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

The fund will primarily target institutional and private investors, but retail investors are also able to invest in the vehicle as a result of an agreement granted by the French securities regulator.

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

The fund has a target of €150m and will focus on mezzanine investments in mid-market companies, aiming to see returns of 10%. The fund will also invest in the secondaries market.

Idinvest Private Value Europe	
Target	€150m
Announced	April 2012
Focus	Mezzanine
Fund manager	Idinvest Partners

EDF sponsors new cleantech VC fund

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

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

EDF committed €30m to the project while Allianz, the first institutional LP to invest in the vehicle, contributed €10m.

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

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

Electranova Capital	
Target	€100m
Announced	May 2012
Closed on	€40m first close, May 2012
Focus	Cleantech venture
Fund manager	Idinvest Partners

123Venture launches €100m French mezzanine fund

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

The FCPR will be operated by 123Venture's new arm Trocadero Capital, which was launched to focus on institutional investors while 123Venture mainly manages retail vehicles.

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

Trocadero Capital & Transmission II will provide mezzanine funding to French SMEs.

Philippe Bruneau will manage the fund for 123Venture.

Trocadero Capital & Transmission II	
Target	€100m
Announced	May 2012
Focus	Mezzanine, France
Fund manager	Trocadero Capital

Cross Road holds first close on €30m

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

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

Capital commitments originate from private and public investors.

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

CRB Bio II	
Target	€60m
Announced	October 2010
Closed on	€30m, April 2012 (first close)
Focus	Biomedicine
Fund manager	Cross Road Biotech

Caixa Capital Risc launches third fund with €23m target

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

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

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

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

Carlos Trenchs is director of Caixa Capital Risc.

Cleantech	
Fund	€23m
Announced	April 2012
Focus	Environmental sustainabilty, cleantech
Fund manager	Caixa Capital Risc

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

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

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

Current investors in the fund include MPS, Tuscan financial institution Fidi Toscana, and Gruppo Intesa – all three investors committed €5m each. Local banks and financial institutions have also contributed to the fund.

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

Rilancio e Sviluppo	
Fund	€50m
Announced	February 2012
Closed on	€26m (first close)
Focus	Tuscan SMEs
Fund manager	SICI

Connect Ventures holds €16m first close on maiden vehicle

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

The vehicle will have a seven-year lifetime (including a four-year investment period), with two potential one-year extensions. Terms and conditions were described as "standard".

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

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

pan-European deals index

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

pan-European deals index

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

A	*Austria*	*D*	*Germany*	*ES*	*Spain*	*I*	*Italy*	*NOR*	*Norway*	*RO*	*Romania*	*UK*	*United Kingdom*	*FC*	*Final close*
BE	*Belgium*	*DEN*	*Denmark*	*F*	*France*	*LX*	*Luxembourg*	*P*	*Portugal*	*SWE*	*Sweden*	*US*	*United States*	*1st*	*First close*
CH	*Switzerland*	*EI*	*Ireland*	*FIN*	*Finland*	*NL*	*Netherlands*	*PL*	*Poland*	*TR*	*Turkey*	*FA*	*Fund announced*	*2nd*	*Second close*

Group	Fund name	Base	Target (m)	Close	Amount (m)	Date	Stage	Region	Contact	Tel No
123Venture	Trocadero Capital & Transmission II	F	€100	FA	n/d	May-12	Mezzanine	F	Philippe Bruneau	+33 1 49 26 98 00
Active Venture Partners	Active Venture II	ES	n/d	1st	€25	Jan-11	Early-stage, expansion – technology	ES, D, Scandinavia	Christopher Pommerening	+34 93 487 6666
Alpha	Alpha Private Equity Fund 6 (APEF 6)	F	€750	1st	€500	Jul-11	Buyout, mid-market	F, I, BE, NL, CH, D, A	Patricia Desquesnes	+33 1 56 60 20 20
Altamar Private Equity	Altamar V Private Equity Program	ES	€250-300	1st	€120	Sep-11	Fund-of-funds	Europe, US, Asia	Claudio Aguirre	+34 91 310 72 30
Altitude Partners	Altitude Partners	UK	£15	1st	£7	Apr-11	Buyout	UK	Simon White, Jonathan Simm	+44 23 8030 2006
Alto Partners	Alto Capital III	I	€120-130	1st	€80	Oct-11	Buyout, expansion, Italian SMEs	I	Raffaele De Courten	+39 02 7209504
Aster Capital	Aster II	F	€120-150	FA	n/d	Feb-11	Early-stage – technology	Europe, US, Asia	Jean-Marc Bally	+33 1 45 61 34 58
Atlantic Bridge	Atlantic Bridge	UK	€130	1st	€85	Nov-10	Buyout, expansion – technology	Europe	n/d	+353 1 603 4450
Augmentum Capital	Augmentum I	UK	€50	FA	n/d	Aug-10	Expansion, small- and mid-cap – technology	UK, HK	Richard Matthews	+44 20 7514 1983
Avindia Capital	Avindia Energy I	ES	€4	FA	n/d	Mar-12	Early-stage	ES	Emilio Giner	+34 902 060 004
Banexi Ventures Partners	BV5	F	€50-80	1st	€50	Oct-11	Early-stage, expansion – technology	F, CH	Jacqueline Renard	+33 1 73 02 89 66
Bridges Ventures	Bridges Ventures Fund III	UK	n/d	1st	n/d	Dec-11	Early-stage, expansion	UK	Philip Newborough	+44 20 7262 5566
Cabiedes & Partners	Cabiedes & Partners Fund	ES	n/d	1st	€25	Mar-11	Early-stage – technology	ES	José Cabiedes	+34 670 278 750
Capman	CapMan Mezzanine V	SWE	€150	1st	€60	Sep-10	Mezzanine, mid-market	Nordic	Niklas Östborn	+46 8 545 854 70
Capricorn Venture Partners	Capricorn Health-tech Fund	BE	n/d	1st	€42	Dec-10	Early-stage, expansion – healthcare	Europe	n/d	+32 16 28 41 00
CDC Entreprises	FCPR FSN PME	F	€400	FA	n/d	Jun-11	Expansion	F	Daniel Balmes	+33 1 58 50 73 07
Centre for the Development of Industrial Technology (CDTI)	Innvierte	ES	€500	FA	€250	Oct-10	Early-stage – technology	ES	n/d	+34 91 581 55 00
CGS Management	CGS III	CH	CHF 180	1st	CHF 55	Feb-12	Buyout, small- and mid-size – industrial	DACH	Ashley Le Feuvre	+44 1534 500400
CIC Mezzanine Gestion	CIC Mezzanine 3	F	€120	1st	€63	Apr-12	Mezzanine	F	François Petit	+33 1 42 66 74 33
Connect Ventures	Connect Ventures	UK	£35	1st	€16	Apr-12	Early-stage – technology	Europe	Pietro Bezza and Bill Earner	n/d
Creandum	Creandum III	SWE	€150	1st	€93	May-12	Early- and later-stage – technology	Nordic	n/d	+46 8-524 63 630
Creathor Venture	Creathor Venture Fund III	D	€80	1st	€51	Sep-11	Early-stage	D, F, A, CH	Gert Köhler	+49 6172 13 97 20
Credit Agricole Private Equity	Capenergie II Renewable Energy Fund	F	€200	n/d	€120	Dec-11	Expansion – renewable energy, infrastructure	Europe	n/d	+33 1 43 23 21 21
Credo Ventures	Credo Stage 1	CZ	€20	1st	€11	Nov-10	Early-stage	Europe	n/d	+420 222 317 377
Cross Road Biotech	CRB Bio II	ES	€60	1st	€30	Apr-12	Early-stage – biotech	ES	n/d	+34 91 446 78 97
Danske Private Equity Partners	Danske PEP V	D	€600	1st	€534	Feb-12	Fund-of-funds	Western Europe, North America	John Danielsen	+45 3344 6329
Diana Capital	Diana Capital II	ES	€175	FA	€100	Jan-11	Buyout, expansion	ES	Javier Fernández Las Heras	+34 914 262 329
Earlybird Venture Capital	Earlybird 2012 Fund	D	$200	1st	$100	Apr-12	Early-stage – internet, technology	DACH	Hendrik Brandis	+49 40 432941 0
Earth Capital	ECP Renewable Energy Fund One	UK	€750	1st	n/d	Jan-10	Expansion – renewable energy, infrastructure	EMEA	Ben Cotton	+44 20 7811 4500
E-Capital	E-Capital III	BE	€80	2nd	€95	Feb-12	Buyout	Benelux	Jérôme Lamfalussy	+32 2 642 20 00
EDF and Idinvest Partners	Electranova Capital	F	€100	1st	€40	May-12	Early-stage – cleantech	Europe	n/d	+33 1 58 18 56 56
EMBL Ventures	EMBL Technology Fund II (ETF II)	D	>€50m	1st	€40	Dec-11	Early-stage	DACH	Stefan Herr	+49 6221 389 330
Equistone Partners Europe	Equistone Partners Europe Fund IV	UK	€1,500	4th	€1,000 (est.)	Apr-12	Buyout	Europe	Rob Myers	+44 207 512 9900
Eurolight Ventures	Eurolight Ventures Fund	ES	€80-90	FA	n/d	Feb-11	Early-stage – photonic SMEs	Europe	Victor Sunyer	n/d
European Bank for Reconstruction and Development (EBRD)	European Bank for Reconstruction and Development (EBRD) Programme	UK	€100	1st	n/d	Dec-11	Early-stage, expansion – technology	Europe, mainly east and south Mediterranean	n/d	+44 20 7338 6000
F&C	F&C Climate Opportunity Partners	UK	n/d	1st	€30	Oct-11	Fund-of-funds – climate change	Europe	Hamish Mair	+44 20 7628 8000
FF&P Private Equity	FF&P Investor 3 LP	UK	n/d	1st	£47	Jun-11	Buyout, expansion	UK	Henry Sallitt, David Barbour	+44 20 7036 5722
Foresight Group	Foresight Environmental Fund	UK	£200	FA	£70	Mar-11	Early-stage – recycling and renewable energy	London	Matt Taylor	+44 1732 471 804

A	Austria	D	Germany	ES	Spain	I	Italy	NOR	Norway	RO	Romania	UK	United Kingdom	FC	Final close
BE	Belgium	DEN	Denmark	F	France	LX	Luxembourg	P	Portugal	SWE	Sweden	US	United States	1st	First close
CH	Switzerland	EI	Ireland	FIN	Finland	NL	Netherlands	PL	Poland	TR	Turkey	FA	Fund announced	2nd	Second close

Group	Fund name	Base	Target (m)	Close	Amount (m)	Date	Stage	Region	Contact	Tel No
Gamesa	Gamesa Fund	ES	€50	FA	n/d	May-11	Early-stage, expansion – renewable tech	Global	David Mesonero	+34 944 03 73 52
Grupo Inveready	Inveready First Capital I	ES	€5	FA	€3	Oct-10	Early-stage – technology	ES	Ignacio Fonts	+34 93 447 30 63
Headway Capital Partners	Headway Investment Partners III	UK	$373	FA	n/d	May-12	Secondaries	Europe, US	Kevin Brennan	+44 20 7518 8888
I2BF and VTB	Nanotech fund	UK/ RU	$100	FA	$50	Oct-10	Early-stage – technology	Russian, Kazakhstan	Ilya Golubovich	+44 20 3405 1974
IDeA Capital Funds	IDeA Energy Efficiency and Sustainable Development	I	€100	FA	n/d	Nov-10	Buyout, expansion – cleantech sector	I, DACH, Israel	n/d	+39 02 2906 631
Idinvest Partners	Idinvest Private Value Europe	F	€150	FA	n/d	Apr-12	Mezzanine	Europe	François Lacoste	+33 1 58 18 56 56
Inter-Risco	Fundo Inter-Risco II	P	€150	1st	€75	Nov-10	Buyout, expansion	P	Miguel de Oliveira Tavares	+351 220 126 700
Intesa Sanpaolo	Atlante Private Equity	I	€250	1st	€150	Jan-11	Buyout – Italian SMEs	I	Walter Comelli	+39 0516566023
Investindustrial	Investindustrial Fund V	I	€1,250	n/d	<€1,000	Apr-12	Buyout	Europe	n/d	+44 20 7631 2777
Kernel Capital	Bank of Ireland MedTech Accelerator Fund	UK	€10	FA	n/d	Feb-11	Early-stage – medical technology	EI	Orla Rimmington	+353 21 4928974
Legal & General Ventures	LGV 7	UK	n/d	1st	£170	Dec-10	Buyout	UK	Nick Marsh	+44 20 3124 2911
Life Sciences Partners	LSP Life Sciences Fund N.V.	NL	€250	FA	n/d	Apr-11	Expansion, small and mid cap – biotech	Europe, US	Mark Wegter, Joep Muijrers, Geraldine O'Keeffe	+31 20 664 55 00
Maven Capital Partners	Scottish Loan Fund	UK	£150	1st	£94	Mar-11	Mezzanine	Scotland	Andrew Craig	+44 141 206 0104
Mediterra Capital Management	Mediterra Capital Management Fund	TR	$360	1st	$144	May-11	Buyout – mid-market	Turkey	Ahmet Faralyali	+90 212 340 76 34
MMC Ventures	The MMC Growth Generation Fund	UK	n/d	FA	n/d	Mar-12	Early-stage, expansion – tech, healthcare, media, growth capital	UK	Rory Stirling	+44 2073610213
Montefiore Investment	Montefiore Investment III	F	€180	FA	n/d	May-12	Early-stage, expansion, lower mid-cap	F	Eric Bismuth	+33 1 5818 6870
Mountain Cleantech	Mountain Cleantech Fund II	CH	€100	1st	€23	Oct-11	Early-stage, expansion – cleantech	DACH, Nordics	Jürgen Habichler	+41 44 783 80 41
MTI	Orion Fund	UK	£150	FA	n/d	Feb-12	Early-stage	UK	Richard Henderson	+44 1727 8849398
Nazca Private Equity	Fondo Nazca III	ES	€150	1st	€190	Sep-10	Buyout, expansion	ES	n/d	+34 91 7000 501
Nextstage	FCPI Nexstage Cap 2016	F	€25	FA	n/d	Oct-10	Early-stage	F	Marie-Agnès Gastineau	+33 1 53 93 49 40
NIBC	NIBC Growth Capital Fund II	NL	€200	1st	€100	Sep-11	Buyout – mid-market	D, Benelux	n/d	+31 70 342 5425
Notion Capital	Notion Capital Fund 2	UK	$150	1st	$100	Apr-12	Early-stage – technology	Europe	Stephen Chandler	+44 845 498 9393
Partech Ventures	Partech International VI	F	€120-140	1st	€100	Dec-11	Early-stage, expansion – technology	Europe, Silicon Valley	Jean-Marc Patouillaud	+33 1 53 65 65 53
Perceva Capital	Perceva Capital	F	n/d	n/d	€150	Jan-11	Buyout, special situations	F	n/d	+33 1 4297 1990
Pontis Capital	PGC II	A	€60	1st	€30	Jul-11	Expansion, small and mid-cap – technology	DACH	Gerhard Fiala	+43 1 533 32 33 10
Riva y Garcia and Official Medical College of Barcelona (COMB)	Healthequity	ES	€15-20	FA	€4	Mar-11	Early-stage – medical services, biotech	ES	Borja García Nieto	+34 93 2701212
Sepides	Enisa Fespyme Sepides	ES	€15	FA	€15	Oct-10	Early-stage	ES	n/d	+34 91 396 14 94
Sherpa Capital	Sherpa Capital	ES	€30	FA	n/d	Oct-10	Buyout, distressed situations	Europe, Latin America	Eduardo Navarro	+34 902 702526
SICI	Rilancio e Sviluppo	I	€50	1st	€26	May-12	Expansion – Tuscan SMEs	I	Fabrizio Buzzatti	n/d
SODENA	Nabio	ES	€600	FA	€350	Nov-10	Early-stage – healthcare	ES	n/d	+34 848 421942
Steadfast Capital	Steadfast Capital Fund III	D	€250	1st	€104	Jun-11	Buyout, expansion	DACH, Benelux	Nick Money-Kyrle, Fynamore Advisers	+44 7887 428 639
Suanfarma	Suan Biotech II	ES	€30	FA	n/d	Nov-10	Early-stage – biotech	ES	n/d	+34 91 344 68 90
Sunstone Capital	Sunstone Technology Ventures Fund III	DEN	€100	1st	€85	Dec-11	Early-stage, expansion – tech, life sciences	Nordics and CEE	Jimmy Fussing Nielsen	+45 2012 6000
The Steve Leach Partnership	The Steve Leach Partnership	UK	£20	FA	n/d	Dec-10	Early-stage, expansion	UK	Steve Leach	n/d
Troika Ventures	Troika Technology Ventures	RU	$500	FA	$100	Feb-12	Early-stage, expansion – technology	Russia, Europe	Artyom Yukhin	+7 495 258 0534
VNT Management	Power Fund III	FIN	n/d	1st	€42	Nov-11	Early-stage, expansion – cleantech	FIN, Europe	Jarmo Saaranen	+358 (0)6 3120 260
Wellcome Trust	Project Sigma	UK	£200	FA	n/d	Mar-12	Early-stage – biotechnology	UK, Europe	Nigel Keen	+44 20 7611 8888
Wise	Wisequity III	I	€170-200	2nd	€140	Dec-11	Buyout, expansion	I	Michele Semenzato	+39 02 854569 204
Zurmont Madison	Zurmont Madison Private Equity II	CH	CHF 250	FA	n/d	Mar-12	Buyout, lower mid-market	DACH	Andreas Ziegler	+41 44 267 5000

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Italia Private Equity Congress
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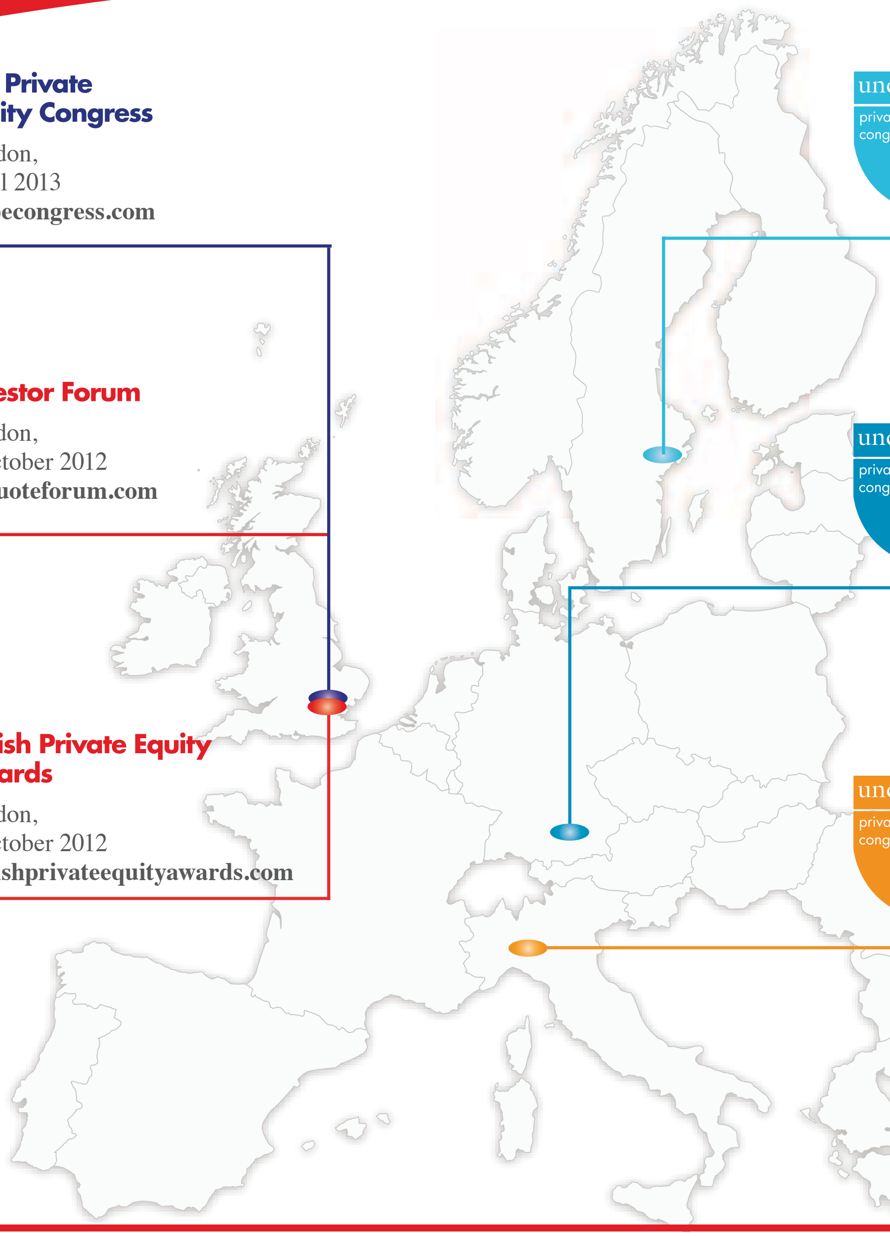

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