

Eurazeo raises €500m for 'late primary' fund

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The capital will be invested in a portfolio of eight companies already owned by the listed firm, as it plans to ramp up its external fundraising activity.

Paris-listed Eurazeo has raised €500 million in third party capital for Eurazeo Capital II.

The capital will be invested in a portfolio of Eurazeo's existing assets, comprising seven private companies and one, CPK, which has yet to be formed but will be created to acquire three brands from Mondelez International. The fund will take a 25 percent stake in each of the companies, with the remaining 75 percent held on Eurazeo's balance sheet.

€340 million of the fund's capital will be invested immediately with the remaining €160 million available for follow-on investments in the portfolio and CPK.

When asked whether he would qualify this as a secondaries transaction, Frans Tieleman, managing partner of Eurazeo, told PEI: "You could categorise it as a late primary or early secondary."

He explained that with the majority of the capital being immediately invested in an existing portfolio, this could be considered "more secondary than primary", but that it was worth noting "these are young companies".

The unusual fund has a minimum life of nine years, as opposed to the typical 10. This is to take into account that some of the portfolio companies have already been in Eurazeo's ownership for up to two years. "The first deal was in 2014 – which would make it 11 years in total," said Tieleman.

With the new fund Eurazeo has €6 billion in assets under management, €1 billion of which is third party capital. As well as the latest fund, Eurazeo manages two funds focused on the lower mid-market and expects to launch the third version of these – Eurazeo PME III – "in the coming months", said Virginie Morgon, deputy chief executive officer of the firm.

"Our proven ability to raise funds is yet another competitive advantage for Eurazeo. We will accelerate and pursue this strategy, which boosts our firepower, adds to our flexibility, and broadens our international

exposure,” continued Morgon.

The latest fundraising process was officially started before the summer last year and wrapped up by November after a month or so of disruption caused by Brexit. Placement agent Axon Partners assisted with the marketing effort, which generated excess demand and required allocations to be cut down, said Tieleman.

The majority of the investors, which include pension funds, funds of funds and sovereign wealth funds, predominantly in Europe, have not invested previously with Eurazeo.

The fund is charging a 1.75 percent management fee and 20 percent carried interest.