

## Welcome to the 2010 Private Equity International Awards

# Let the celebrations begin

This time last year, a look down our awards roll of honour spoke to the ability of certain firms to weather horrendous market conditions. As we honour 2010's best-in-class firms, transactions and advisors, it becomes clear that the brightest firms in the industry are now thriving, rather than just surviving, in what is an industry landscape going through structural and restorative changes.

These awards, voted on by thousands of PrivateEquityInternational.com readers, showcase the firms that have – in the eyes of their peers – excelled and set the industry benchmark.

The results of these awards also reflect some of the wider themes prevalent in the world of private equity during 2010. High on this list of themes was the effect on the industry of a dramatically changed banking

market. Government bailouts, consolidation and incoming regulation all encouraged banks to dispose of assets, meaning big opportunities in both the secondary and primary markets. It is no surprise then, that the likes of Collier Capital, Advent International, Bain Capital, Landmark Partners and AXA Private Equity all found their way onto the honours list, having been on the buy-side of bank-sourced deals.

Another theme – the bifurcation of the private equity market between the large global firms and small domestic specialists – is becoming increasingly clear. Among our winners, a handful of global firms have picked up awards on multiple continents: Apax Partners, Oaktree Capital Management, Sequoia Capital and Partners Group. Likewise, domestic specialists like

Gilde in the Netherlands and Archer Capital in Australia, have been honoured.

In recognition of the changing private equity landscape, this year we have instituted some new categories into each of our regions' rolls of honour. Two of those categories have to do with the lifeblood of the industry: limited partners. LPs are increasingly on the hunt for direct and co-investment opportunities as they try to boost returns and lighten their fee burdens. They have also increasingly sought to integrate responsible investment practices into their portfolios, and by extension, their fund managers' day-to-day activities. This year for the first time our readers have voted for the LPs who have been leading the pack on both of these fronts.

Congratulations to all our winners. ■

## PRIVATE EQUITY LEADER 2010

*Joseph Dear, chief investment officer, California Public Employees' Retirement System*



**Dear:** LP leader

Every year *Private Equity International* honours one individual who, over the course of their career, has made a crucial contribution to the development of private equity as an industry and an asset class. They have helped private equity grow into the position of influence it occupies today and continue to lead by example.

The California Public Employees' Retirement System has been at the forefront of the private equity limited partner community since 1990. But it is not the organisation we honour this year; it is the man who makes the investment decisions at the \$220 billion pension, Joseph Dear, who is *Private Equity International's* fourth annual Private Equity Leader.

Dear arrived at CalPERS (see p. 54 and p. 56 for more on the pension) in March 2009, where he was to find a battered portfolio, an over-weighted allocation to private equity and a soon-to-unfold scandal

involving allegations of "pay-to-play" activity between some placement agents and fund managers. Since then he has led an overhaul of the pension's asset allocation model, initiated a wide ranging review of the pension's interaction with placement agents and brought managers to account over high fees and misaligned interests.

Dear has always been an authoritative supporter of the asset class. Before joining CalPERS, he was executive director for the Washington State Investment Board. During Dear's tenure, the \$77 billion pension grew its private equity allocation from a market leading 25 percent from 17 percent. Furthermore, he seems to be keeping the faith. "I don't know how we make our return objectives without investing in illiquid assets," he told delegates at the Milken Institute Global Conference in May 2010.

Previous winners of the Private Equity Leader Award include Oaktree Capital Management's Howard Marks, Collier Capital's Jeremy Collier and the founder of Bridges Ventures and Apax Partners, Sir Ronald Cohen. ■

# The roll of honour

PEI's Private Equity Leader Award 2010 **Joseph Dear, The California Public Employees' Retirement System**

## EUROPE

Large-cap firm of the year  
Mid-market firm of the year  
Venture capital firm of the year  
Benelux  
Central and Eastern Europe  
Germany  
Iberia  
Israel  
Italy  
Nordic  
Russia  
Switzerland  
UK  
France  
Law firm (fund formation) of the year  
Law firm (transactions) of the year  
Debt provider of the year  
M&A advisor of the year  
Placement agent of the year

Fund of funds of the year  
Secondaries firm of the year  
Distressed debt firm of the year  
Special situations/ turnaround firm of the year  
Mezzanine firm of the year  
Limited partner of the year

Direct/co-investor of the year  
Responsible investor of the year  
Private equity deal of the year

Venture capital deal of the year

Private equity exit of the year

Venture capital exit of the year

Secondaries deal of the year

**Apax Partners**  
**HgCapital**  
**Index Ventures**  
**Gilde**  
**Mid Europa Partners**  
**Triton Partners**  
**Investindustrial**  
**Jerusalem Venture Partners**  
**Investindustrial**  
**EQT Partners**  
**Baring Vostok Capital Partners**  
**Capvis Equity Partners**  
**Bridgepoint**  
**AXA Private Equity**  
**SJ Berwin**  
**Clifford Chance**  
**BNP Paribas**  
**Rothschild**  
**MVision Private Equity Advisers**  
**Capital Dynamics**  
**Coller Capital**  
**Oaktree Capital Management**  
**Sun European Partners**

**ICG Group**  
**ATP Private Equity Partners**  
**Partners Group**  
**Robeco Private Equity**  
**RBS WorldPay-Bain Capital, Advent International**  
**Zong- Matrix Partners, Advent Venture Partners, Newbury Ventures**  
**Pets at Home-Bridgepoint**  
**Betfair-Balderton Capital Management, Index Ventures, Softbank Capital**  
**Bank of Scotland**  
**Integrated Finance portfolio - Coller Capital**

Direct/co-investor of the year  
Responsible investor of the year

Private equity deal of the year

Venture capital deal of the year

Private equity exit of the year

Venture capital exit of the year

Secondaries deal of the year

Firm of the year in Latin America  
Firm of the year in MENA  
Firm of the year in Africa

## ASIA

The PE Asia Leadership Award 2010

Large-cap firm of the year  
Mid-market firm of the year  
Venture capital firm of the year  
Australia  
China  
Japan  
India  
Southeast Asia  
Law firm (fund formation) of the year  
Law firm (transactions) of the year  
Debt provider of the year  
M&A advisor of the year  
Mezzanine provider of the year  
Placement agent of the year  
Fund of funds of the year

Secondaries firm of the year  
Limited partner of the year  
Direct/co-investor of the year  
Responsible investor of the year  
Large deal of the year [\$500m+]

Large exit of the year

Mid-sized deal of the year [\$100m - \$500m]

Mid-sized exit of the year

Small exit of the year

**CPP Investment Board**  
**The California Public Employees' Retirement System**  
**Interactive Data-Warburg Pincus, Silver Lake Partners**  
**Endgame Systems-Bessemer Venture Partners**  
**Columbia Capital, Kleiner Perkins Caufield & Byers and TechOperators**  
**Tommy Hilfiger-Apax Partners**  
**Facebook-Sequoia Capital**  
**Bank of America fund interest portfolio-AXA Private Equity**  
**Actis**  
**Abraaj Capital**  
**Actis**

**Jean Eric Salata, Baring Private Equity Asia**  
**TPG Capital**  
**Baring Private Equity Asia**  
**Sequoia Capital**  
**Archer Capital**  
**CDH Investments**  
**Japan Industrial Partners**  
**Sequoia Capital India**  
**Navis Capital Partners**  
**O'Melveny & Myers**  
**Debevoise & Plimpton**  
**Standard Chartered**  
**Goldman Sachs**  
**CLSA Capital Partners**  
**Mercury Capital Advisors**  
**Emerald Hill Capital Partners**  
**Partners Group**  
**Temasek Holdings**  
**Temasek Holdings**  
**Squadron Capital**  
**Healthscope-TPG Capital, The Carlyle Group**  
**Shenzhen Development Bank-TPG Capital**  
**Coffee Day Holdings-Kohlberg Kravis Roberts, New Silk Route, Standard Chartered PE**  
**BPG Food & Beverage-Lunar Capital**  
**Management**  
**Kasco-Next Capital**

## NORTH AMERICA

Large-cap firm of the year  
Mid-market firm of the year  
Venture capital firm of the year  
Firm of the year in Canada  
Law firm (fund formation) of the year  
Law firm (transactions) of the year

Debt provider of the year  
M&A advisor of the year  
Placement agent of the year  
Fund of funds of the year  
Secondaries firm of the year  
Distressed debt firm of the year

Special situations/ turnaround firm of the year  
Mezzanine firm of the year  
Limited partner of the year

**The Blackstone Group**  
**The Riverside Company**  
**Sequoia Capital**  
**Onex**  
**Debevoise & Plimpton**  
**Simpson Thacher & Bartlett**  
**JPMorgan**  
**Goldman Sachs**  
**Credit Suisse**  
**HarbourVest Partners**  
**Landmark Partners**  
**Oaktree Capital Management**  
**Sun Capital Partners**  
**GSO Capital Partners**  
**The California Public Employees' Retirement System**

## AFRICAN, LATIN AMERICAN AND MENA

Firm of the year in Africa  
Firm of the year in Latin America  
Firm of the year in MENA

**Actis**  
**Actis**  
**Abraaj Capital**

## EUROPEAN AWARDS

### LARGE-CAP FIRM OF THE YEAR

1. Apax Partners
2. CVC Capital Partners
3. Cinven



**Halusa:** leading Apax to the apex of European private equity

The deal team at **Apax Partners** can look back over 2010 with a sense of achievement. Under the stewardship of chief executive officer Martin Halusa, the European private equity heavyweight made eight new investments and completed \$6.8 billion-worth of realisations. In many ways this level of activity was just a continuation of Apax's performance in 2009, a year it rounded off with a transaction – the buyout of clinical trial logistics company Marken – that to some extent typified the type of deal that private equity's large-cap firms had turned their attention to: a chunky £1 billion mid-market secondary buyout of a high quality company.

As the year went on the firm chalked up a number of victories, including a lucrative partial exit of Danish telecoms giant TDC; a duo of healthcare exits in the form of Voyager HospiceCare and Qualitest; and a headline-grabbing €2.2 billion exit of clothing company Tommy Hilfiger, which earned Apax and LPs a 5x return. The firm even launched its first foray in Latin America with a \$1 billion investment in Brazilian IT and BPO services company Tivit.

The popular vote from *PEI's* readership confirms the view that Apax enters the New Year with the wind at its back. This will certainly prove useful; its latest fund, an €11.2 billion 2007 vintage fund, is now understood to be 65 percent invested, so a fundraising effort is imminent. Media reports have suggested the firm will enter the market and try to raise another €11 billion, although sources tell *PEI* that it's still too early to talk fund sizes.

### MID-MARKET FIRM OF THE YEAR

1. HgCapital
2. Montagu Private Equity
3. Doughty Hanson

As reflected elsewhere in these awards results, the year 2010 presented an opportunity for mid-market operators to polish up their best assets and sell them to larger buyout houses, hungry to invest in high quality businesses. London-headquartered **HgCapital** capitalised on this with what it described as "one of the largest and most successful exits" in its history: the sale of Visma to Kohlberg Kravis Roberts for an enterprise value of NOK11 billion (\$1.9 billion; €1.4 billion). The September exit represented a return multiple of 3.7x for limited partners in Hg's £1.7 billion sixth fund. A couple of months later Hg sold Pulse Staffing, a health-care-focused recruitment firm, to a Blackstone Group portfolio

company for a 2x money multiple.

On the buy-side, Hg deployed a total of £710 million across eight deals, most of which were agreed in "a short, shallow buyer's market" at the beginning of the year, said Ian Armitage, the charismatic boss who has led the firm since 1990. In a web-cast following the two successful exits late last year, Armitage summed up the firm's approach: "Our job is simple: to give our money to people smarter than us, whose interests are aligned with us, who manage decent businesses." The voters in *PEI's* awards clearly think there is more to it than that, as they rank Hg as leaders in the European mid-market, taking the crown from last year's winner, Advent International.



**Armitage:** keeping it simple

### VENTURE CAPITAL FIRM OF THE YEAR

1. Index Ventures
2. Accel Partners
3. Jerusalem Venture Partners

Name a European venture capital victory of recent years and it's more than likely that **Index Ventures** will have been involved at some point. The firm can draw lines between its diverse staff of entrepreneurs-cum-VCs and success stories such as Skype, YouTube, Lastminute.com, Wonga, Zoopla and Last.fm.

Index recorded a number of successes during 2010. It broadened its franchise with the creation of "Index Seed" and the hire of Robin Klein, founder of The Accelerator Group and member of the Klein venture dynasty, to help lead the seed team. The firm also brought on Kevin Johnson, the former chief executive officer of Pangenics, as a partner in the life sciences team.

No doubt what swung it for *PEI* readers in casting their votes, however, was the phenomenal exit of peer-to-peer gambling website Betfair in October. Index had been an investor in the company since the late 90s. When it floated on the London Stock Exchange it had a market capitalisation of £1.3 billion (€1.5 billion; \$2.1 billion).

The firm has started 2011 in typical style with the chunky exit of LoveFilm, a web-based DVD rental business similar to Netflix in the US, to internet retailing giant Amazon. Index and fellow VCs Balderton Capital and DFJ Esprit sold their minority stakes in the business to Amazon for £200 million. The firm also recently sold Dimdim, a web-based video conferencing business, to trade buyer Salesforce for \$31 million.

## FIRM OF THE YEAR IN BENELUX

1. Gilde
2. AAC Capital Partners
3. Gimv



**Benelux:** Gilde rules the region

A tip of the hat goes to those making the shortlist in Benelux this year, given the region’s somewhat lacklustre deal climate in 2010. **Gilde**, which readers this year awarded the No. 1 spot, deserves special attention not just for a steady stream of deals and exits by its three subsidiary investment groups, including Gilde Healthcare Partners, but proving that LPs indeed opened their wallets – and wide – last year when the right PPM crossed their desk.

Gilde Buy Out Partners, which focuses on mid-market deals in Benelux as well as French- and German-speaking economies in Europe, had more investors than it could accommodate lining up for its fourth fund, which closed on €800 million. Meanwhile, Gilde Equity Management Benelux held a first and final close on its second fund on its €200 million hard-cap. The GEM II fund, which focuses on smaller mid-market buyouts in Benelux, had a huge vote of confidence from existing LPs: they increased commitments by an average of 45 percent.

Established in 1982, Gilde’s three arms have invested in more than 250 companies and have roughly €2 billion in funds under management.

## FIRM OF THE YEAR IN CENTRAL AND EASTERN EUROPE

1. Mid Europa Partners
2. Warburg Pincus
3. Enterprise Investors

**Mid Europa Partners** retained the Central and Eastern Europe crown in the *PEI* Awards for the third consecutive year. The group made headlines last year when it acquired the largest Czech-based solar power producer, Energy21, and when it further cemented its presence in the CEE healthcare market with the buyout of Polish healthcare services provider Med-Sport.



**Cable TV:** good reception for returns

But neither deal eclipsed what likely pushed the 12-year-old firm to the top of this year’s list: In December Mid Europa sold its Polish cable television business Aster to a US trade buyer, Liberty Global, in what the firm described as the largest exit in Central and Eastern Europe of 2010. The deal valued the company at PLN2.4 billion

(at the time worth €600 million; \$794 million), and generated a return of roughly 2x.

Mid Europa’s confidence in the region’s private equity firms extend beyond its own capabilities, as well. “For all the leading players we consider to be our peers in the region, I don’t think anyone has lost a position in a portfolio company,” Mid Europa partner Craig Butcher said during a *PEI* roundtable. “I doubt there are many Western European buyout firms who can say they haven’t lost at least one company.”

## FIRM OF THE YEAR IN FRANCE

1. AXA Private Equity
2. LBO France
3. Activa Capital



**Senequier:** sharing profits

**AXA Private Equity** has for the second year running been named firm of the year in France.

Led by chief executive Dominique Senequier, the firm made huge news in 2010 for its secondary-focused fund’s acquisition of Bank of America’s \$1.9 billion portfolio of limited partnership interests.

Its direct private equity investment team, meanwhile, made investments in Italian gas company E.ON Rete Gas and French online travel site GO Voyages. It also exited three companies: the sale of chemicals company Eliokem for €227.5 million resulted in a 2x exit multiple; the sale of its minority stake in Trecobat Group back to the Brittany-based home builder’s management team generated 3x; and the sale of European laundry detergent and cleaning products maker Spotless generated a return of roughly 2x.

AXA’s exits are different from many private equity peers because the firm believes its portfolio company employees should also be rewarded at exit and subsequently gives them a percentage of AXA’s financial gain. Spotless employees, for example, each received a bonus equivalent to two months’ salary post-sale.

## FIRM OF THE YEAR IN GERMANY

1. Triton Partners
2. BC Partners
3. IK Investment Partners

**Triton Partners** doubled down on fund size in 2010 when it raised a €2.3 billion Fund III, more than double the size of its €1 billion Fund II. The fund – which was reportedly the largest closed in the first quarter of 2010 – had been targeting €2 billion and reportedly attracted heavyweight investors including Chinese sovereign fund China Investment Corp.

The German- and Nordic-focused firm also took part in one of

the largest healthcare deals in Europe in 2010, acquiring healthcare services company Ambea from 3i Group for €850 million in February. Triton invited Kohlberg Kravis Roberts to take part in the deal, giving it the option to become a joint equity lead investor.

The firms have another connection as well – Johannes Huth, who manages KKR's European operations, is the brother of Martin Huth, a managing director at Triton. A source told *PEI* the familial connection had nothing to do with the partnership, however.

## FIRM OF THE YEAR IN IBERIA

1. Investindustrial
2. Altamar Private Equity
3. HgCapital

Look beyond the news coverage of Spain and Portugal's woeful debt crises, high unemployment and economic malaise and you'll find **Investindustrial**, shrugging off the downturn as an opportunity to invest. In 2010 the firm deployed some €65 million in capital across the region as others tended to wounded portfolios.



*Inaer: high-flying exit*

"Half of [Spanish GPs] are licking their wounds, trying to manage the portfolio companies that are not performing," Investindustrial senior partner Carlo Umberto Bonomi told *PEI* in November. Many portfolio companies, added Bonomi, were asking for more equity to seize the opportunity to acquire small- to medium-sized companies.

The firm also caused a stir when in April it sold a minority stake of Spanish helicopter fleet business Grupo Inaer to Kohlberg Kravis Roberts in a deal valued at roughly €700 million. "In the midst of Spain appearing to implode, we attracted one of, if not the best investor, KKR, to invest in a company," said Bonomi, who added "even in the worst moment, there are opportunities".

## FIRM OF THE YEAR IN ISRAEL

1. Jerusalem Venture Partners
2. Carmel Ventures
3. Pitango Venture Capital



*NASDAQ: JVP in landmark listing*

After two years at the top, Sequoia Capital has been dethroned by **Jerusalem Venture Partners** as this year's best private equity player in Israel. JVP, which was founded in 1993 by Erel Margalit, closed two funds last year, totaling \$145 million in fresh capital.

But perhaps on voter's minds this year was the firm's success in exits. In July, QLIK Technologies, a business analysis software company in which JVP invested in 2004, was listed on NASDAQ based on a valuation of \$770 million. The

listing was "one of the most successful IPOs of a European originated technology company in close to a decade", says vice president of investor relations Fiona Darmon. By the end of 2010, QLIK had appreciated in value by over 150 percent, reaching roughly \$2 billion. The rise would net JVP a 4,000 percent return when it sold its 30 percent shareholding for \$112 million in December.

## FIRM OF THE YEAR IN ITALY

1. Investindustrial
2. Permira
3. Ambienta



*Ducati: driving private equity to new geographies*

In a sign that Italy continues to reward private equity players who recognise the value of its medium-sized companies, **Investindustrial** has retained its crown as the country's best firm. "Success in Italy comes from transforming a domestic, quality company into an international competitor," senior partner Andrea Bonomi told *PEI* recently.

In April the firm opened an office in Shanghai—its first outside Europe. The Southern Europe-focused firm is looking East to capture growing Asian appetite for established Western brands, which for Investindustrial includes motorcycle manufacturer Ducati and Morris Profumi, a maker of fragrances and perfumes.

Investindustrial's Asian presence is already paying dividends. In late November the group sold Italmatch, a maker of specialty chemicals, to Sino-European investor Mandarin Capital Partners following the creation of new production plants, three of which are based in China. The sale would sit alongside the group's second exit in Italy last year: the divestment of its remaining stake in winemaker Ruffino to wine and spirits company Constellation Brands.

## FIRM OF THE YEAR IN THE NORDIC REGION

1. EQT Partners
2. Nordic Capital
3. Litorina

**EQT Partners** and Nordic Capital are constantly jostling for the top spot in the Nordic region; after an incredibly tight race, EQT won the *PEI* crown for the second year running.

The Stockholm-headquartered firm's performance has been pleasing LPs according to one insider. Following a candid assessment on the performance of some portfolio companies at the outset of the crisis, its investments



*Private education: a promising investment*

have “started to come back, quite strongly over the last 12 months” a source told *PEI* in an April 2010 interview.

Aside from raising roughly €350 million for its debut credit opportunities fund, the firm also drew attention last year when it proved victor in the auction for Academedia, Sweden’s biggest private education company. EQT valued Academedia, which operates in 150 schools with 45,000 students across Sweden, at around SKr 2.5 billion (at the time, worth €262 million; \$319 million).

All these developments are sure to cross the minds of investors as EQT this year begins to raise its sixth private equity fund, targeting €4.25 billion.

## FIRM OF THE YEAR IN RUSSIA

1. Baring Vostok Capital Partners
2. TPG Capital
3. VTB Capital

Russia has always presented an interesting investment proposition from a private equity perspective. It has failed to keep up with its BRIC peers in terms of GDP growth rates, and the perceived risk factors have put a lot of international capital off committing to the country. There are a few firms, however, which have consistently managed to raise and deploy capital with success in the country and at the head of this pack is **Baring Vostok Capital Partners**, which this year celebrates its sixth year as *PEI*’s firm of the year in Russia.

After a difficult 2009 for Russia’s GPs, growth returned to the BVCP portfolio, says one source, who adds that steps taken by the management during the crisis have begun to bear fruit in terms of growing profitability and increasing market share. The firm made several new investments in 2010, including a November investment in regional consumer bank Orient Express Bank, the first major investment in a local bank since the onset of the financial crisis. It also invested in local broadband and cable television provider ER Telecom.

## FIRM OF THE YEAR IN SWITZERLAND

1. Capvis Equity Partners
2. Capital Dynamics
3. Cross Equity Partners

Switzerland remains a relatively small private equity market dominated by a handful of local players. Zurich-based mid-market firm **Capvis Equity Partners** has been voted the strongest player in the country, ahead of last year’s champion Capital Dynamics, and had an active 2010.

Capvis acquired a majority stake in coffee-maker Kaffee Partner for €200 million in May. The Kaffee Partner transaction was the 40th investment by the Capvis team and the third by the Capvis Fund III, which was closed in March 2008 on €600 million.



**Kaffee Partner:**  
*caffeine for Capvis portfolio*

The firm also celebrated a partial exit last year from its 80 percent stake in Swiss food maker Orior, which it listed on the SIX Swiss Exchange in Zurich via an IPO in March – the first in Switzerland since pharmaceuticals group Mondobiotec listed in August 2009. Capvis manages €900 million and since 1990, its investment team has undertaken 40 transactions totalling more than €3 billion.

## FIRM OF THE YEAR IN THE UK

1. Bridgepoint
2. 3i Group
3. Inflexion Private Equity

London-based **Bridgepoint** served as a reminder during 2010 that the private equity industry was continuing to flourish despite challenging economic conditions.

As some pundits trumpeted the demise of the LBO, Bridgepoint kicked off the year with an 8x return from its exit of Pets at Home, selling the thriving pet retailer to KKR at an 11.3x EBITDA multiple and probably putting more than one headline writer in the doghouse. Bridgepoint LPs were further cheered in March by a partial exit of storage company Safestore, representing a 4x return on invested capital.

Led by William Jackson, the firm also kept a steady purchasing pace throughout 2010, sealing three deals that meant its €4.8 billion fourth fund was roughly 20 percent deployed by year-end.

Among the deals agreed was the £414 million purchase of healthcare provider Care UK. Completed in July, the take-private was a coup for the firm – which had been eyeing the asset for nearly five years. But it was also an important indicator: The £210 million in senior loans raised to finance the transaction – as well as a £250 million, oversubscribed high yield bond offering that priced at par – made clear that Europe’s credit markets were opening up for the right assets.



**Jackson:** *proving the LBO doubters wrong*

## LAW FIRM (FUND FORMATION) OF THE YEAR

1. SJ Berwin
2. Clifford Chance
3. O’Melveny & Myers

**SJ Berwin** has been the perennial winner of this award and continued to lead the pack in terms of fund formation in 2010, advising on a record-setting 31 funds that closed over the year.

Some of the major funds to close that were advised by the SJ Berwin team included winners or runners up in this year's awards. It worked on the significantly over-subscribed fundraising effort from Litorina, the Stockholm-based mid-market investor. Litorina corralled SEK2.5 billion (€270 million; \$378 million) in around five months. SJ Berwin also advised on two other record-setting European funds: HgCapital's sixth fund, which raised more than £1.9 billion, and Gilde Buy Out Partners' fourth fund, which raised €800 million.

In addition to fund formation work, the team – which is the largest fund formation team in the UK and Europe – also worked on numerous restructurings including an arrangement in which Apax Europe VII investors were given the opportunity to transfer €685 million of unfunded commitments to new investors.

## LAW FIRM (TRANSACTIONS) OF THE YEAR

1. Clifford Chance
2. Allen & Overy
3. Sullivan & Cromwell



*Walker: topping transaction charts*

**Clifford Chance's** reign as Europe's top legal advisor on deals spans a decade of *PEI* Awards. So it's not surprising to learn the magic circle firm's private equity transactions team, led by David Walker, has once again won kudos from our readers, and also topped European league charts in terms of European buy-side deals by volume last year.

All together Clifford Chance advised on 33 buy-side deals worth a total value of £6.3 billion (€7.4 billion; \$10 billion) for its European private equity clients in 2010, according to Mergermarket data. An

impressive figure in its own right, but which does not include work done on the behalf of clients' portfolio companies. For instance, it would be wrong not to note work carried out by the firm's London and Milan offices on the €805 million acquisition by Permira portfolio company Birds Eye Iglo Group of Unilever's Italian frozen foods business, Findus Italia, which completed in October.

Other notable transactions the firm worked on in 2010 included The Carlyle Group's €480 million acquisition of B&B Hotel, France's third-largest budget hotel chain, from Eurazeo; and the £414 million acquisition of Care UK, a provider of elderly home care, by Bridgepoint.

## DEBT PROVIDER OF THE YEAR

1. BNP Paribas
2. Barclays Capital
3. Société Générale

Debt markets started to spark back to life in 2010, and no creditor made more of a splash in Europe than **BNP Paribas**. The Paris-based bank acted as lead book runner for 17 European financial

sponsor-related loans across Europe, worth a total value of approximately €1.5 billion, according to data provider Dealogic. The bank topped the European league tables by both volume and value for European financial sponsor-backed loans, excluding refinancings.

Moreover the bank acted as lead syndicate in some high profile buyouts over the course of the year. Among the most notable was the bank's role as one of the book runners for the €1.93 billion in debt for the buyout of Swiss telecoms company Sunrise Communications by CVC in September for an enterprise value of CHF3.3 billion (€2.5 billion; \$3.25 billion).

The bank's leveraged finance team in Europe is comprised of 46 professionals spread across Paris, London, Frankfurt, Munich, Milan and Madrid.

## M&A ADVISOR OF THE YEAR

1. Rothschild
2. KPMG
3. Goldman Sachs

Merchant bank **Rothschild** records its third consecutive win as Europe's M&A advisor of the year—an achievement it wrestled away from Goldman Sachs in 2008. Though Goldman continued to top league tables in terms of value, Rothschild ranked first in terms of volume, advising on 111 deals (worth more than \$95 million) in the first three quarters of the year alone, according to Mergermarket data.

Among the many deals it advised on was BC Partners' sale of Picard Surgeles, a French frozen food retailer, to rival UK shop Lion Capital for roughly €1.5 billion. It also advised on the blockbuster £955 million sale of pet retailer Pets at Home, which fetched its client Bridgepoint a return of 8 times its original investment.

## PLACEMENT AGENT OF THE YEAR

1. **MVision Private Equity Advisers**
2. Global Private Equity
3. Credit Suisse

**MVision Private Equity Advisers** has been crowned placement agent of the year in Europe for the ninth year running. The firm chalked up several successful fund closes in 2010 and expanded its franchise into infrastructure advisory services.

Led by founder Mounir Guen, MVision put its name next to three oversubscribed fund closes for clients. Nordic-based energy specialist HitecVision took the market by storm raising \$420 million for a niche oil and gas fund in just three months, surpassing its \$325 million target; Benelux-focused Gilde Buy Out Partners, meanwhile, hit the €800 million hard-cap on its fourth buyout fund in less than a year; and turnaround investor Anchorage Capital Partners closed an oversubscribed fund on A\$200 million. MVision also assisted Paris-based venture firm Sofinnova Partners in raising €260 million for its sixth fund.

Separately, MVision announced in the autumn that it was building out an infrastructure-focused team. In place of traditional fund-style investing, Guen said at the time he believed institutional investors were looking for a broader array of services including separately-managed accounts, direct investments, joint ventures and other forms of gaining exposure to the infrastructure asset class.

## FUND OF FUNDS OF THE YEAR

1. Capital Dynamics
2. Partners Group
3. LGT Capital Partners

Switzerland plays host to the headquarters of six of the world's 50 largest funds of funds – in terms of assets under management – between them investing nearly \$50 billion into the asset class. While this may be fewer than either the US or the UK, in terms of quality in Europe it is Switzerland which plays host to the crème de la crème, according to *PEI* readers.

For the second year in a row, **Capital Dynamics** has fought off its compatriots to be crowned best fund of funds in Europe.

The firm continued to grow its AUM in 2010. Of note was its vote of confidence from the \$226 billion California Public Employees' Retirement System, which brought CapDyn in to manage a \$480 million clean energy programme, replacing incumbent manager Pacific Corporate Group.

CapDyn also established a clean energy infrastructure offering for clients, as well as extending its own infrastructure, adding offices in Zurich (its base is in nearby Zug), Tokyo and Rio de Janeiro.



*Rio de Janeiro: one of CapDyn's new outposts*

## SECONDARIES FIRM OF THE YEAR

1. Collier Capital
2. AXA Private Equity
3. Pantheon



*Collier: doubling down*

In 2009 **Collier Capital** – led by industry pioneer Jeremy Collier – inked two of Europe's most remarkable secondaries deals and was subsequently honoured twice in *PEI*'s awards in both the "Best secondaries firm in Europe" category and "Best private equity deal" category for its investment in listed firm SVG Capital.

As an encore, 2010 has not disappointed. Once again Collier picks up two European awards – "Secondaries firm of the year in Europe" and "Secondaries deal of the year in Europe" – after it was

behind one of the year's marquee transactions: the spin-out of 40 private equity investments from Lloyds Banking Group (for more details see p. 49). The firm will hope limited partners are equally impressed by another strong year; Collier is currently in the market trying to raise \$5 billion for its next vehicle.

Special mention should be made of the two runners up, both of whom agreed stand-out transactions during 2010. AXA Private Equity was behind the acquisition of a massive \$1.9 billion portfolio of fund interests from Bank of America while Pantheon backed the high profile spin-out of Candover Partners from its listed parent.

## DISTRESSED DEBT FIRM OF THE YEAR

1. Oaktree Capital Management
2. Apollo Global Management
3. Towerbrook Capital Management

**Oaktree Capital Management** has once again won the distressed debt firm of the year category in Europe, where its European Principal Group began operating in 2005.

Among the deals it executed in 2010 was the recapitalisation of Germany-based Beluga Shipping, a global supplier of heavy-lift shipping services that, after having enjoyed a period of growth, found itself in a liquidity crisis stemming from the global financial downturn and its impact on global trade. Oaktree provided about €150 million of new financing in the form of both debt and equity, which was used to fund the construction of previously ordered ships, opportunistic vessel purchases and other potential acquisitions. The structure of the deal allowed for the full financing of Beluga while allowing Oaktree to retain security in the most valuable vessels in the company's fleet, providing both downside protection and "attractive upside potential", the firm said.

Oaktree's London-based European Principal Group combines local presence in key markets with its in-house operating and legal restructuring expertise to pursue both distressed private-equity and distress-for-control transactions. It has made 17 control-oriented investments in every major European country and has also purchased debt positions in more than 25 companies.

## SPECIAL SITUATIONS/TURNAROUND FIRM OF THE YEAR

1. Sun European Partners
2. Oakley Capital
3. Endless

Not to be outdone by its parent company, Sun Capital Partners, which won the award for Special Situations/Turnaround Firm of the Year in North America, **Sun European Partners** took the same prize in Europe by completing 14 deals in 2010 worth approximately \$800 million, setting firm records for both the amount of transactions and combined deal value.

Led by senior managing director Michael Kalb, Sun Europe has





**Kalb:** turning around European companies

invested in companies located throughout Europe, but made its debut deal in Spain in August 2010, acquiring Madrid-based independent toymaker Famosa for an estimated €100 million. It also backed V&D, the largest department store chain in the Netherlands, and La Place, a foodservice provider that operates both standalone locations and stores within V&D.

“I do believe that we’re at the bottom of the cycle ... this is a good point in which to be picking up assets,” Kalb told *PEI* in September.

Sun Europe’s 25-person team focuses on leveraged buyouts, equity, debt and other investments in companies with €30 million to €3 billion in sales.

## MEZZANINE FIRM OF THE YEAR

1. ICG Group
2. Partners Group
3. KKR Asset Management

ICG chairman Tom Attwood told *PEI* in January 2010 that the mezzanine firm’s 20-year track record of 20 percent compound returns – along with reportedly returning more cash to LPs than it was spending pre-credit crisis – were prime factors in helping it to survive the most volatile market conditions in its history. It appears the firm has not just survived the crisis and its aftermath, but continues to thrive.

As of December 2010, 70 percent of its portfolio companies were performing at or above prior year levels, with improvements in EBITDA and revenue pointing to a continuing “downward trend” in impairments ICG has taken over the past year-and-a-half, according to an interim management statement.

ICG also surpassed its €1 billion target for the ICG Recovery Fund, which it began raising in 2008 to target the more than €240bn in European buyout-related debt that will mature in the next two to six years. That fund, alongside the ICG European Fund 2006, in August acquired a €1.4 billion loan portfolio from the Royal Bank of Scotland.

The firm also began expanding into other asset classes, purchasing a 51 percent stake in Longbow Real Estate Capital, which provides mezzanine and debt financing to the UK property market.



**Attwood:** confident in ICG’s future

## LIMITED PARTNER OF THE YEAR

1. ATP Private Equity Partners
2. Wellcome Trust
3. SL Capital Partners

Denmark’s **ATP Private Equity Partners** has been one of the most consistent private equity investors in the market over the last decade.

The fund of funds generally commits €500 million to €1 billion a year, and looks for funds that aren’t too flashy. In fact, mid-market funds that are operationally focused and sector specific are more likely to win a commitment from ATP PEP.

The fund of funds is exclusively supported by the €70 billion Danish pensions system ATP and manages €6.9 billion. In 2010, ATP PEP closed its fourth fund of funds on €1 billion with plans to double its allocation to emerging markets assets and seek larger stakes in existing managers.

Even a consistent investor like ATP PEP slowed down activities in the downturn, however. In 2009, the fund of funds committed just €142 million, well below average investments of €400 million to €600 million pre-2008, though the fund of funds expects to ramp up commitments this year.

## DIRECT/CO-INVESTOR OF THE YEAR

1. Partners Group
2. Alpinvest Partners
3. Morgan Stanley

Zug, Switzerland-headquartered **Partners Group** spent time last year beefing up its direct investment capabilities, having added around 20 staff to its direct investment team since 2009, which now numbers more than 120 people.

Early in the year, Partners closed a €537 million global fund of funds, which it indicated was likely to make a number of direct investments in both distressed companies in need of restructuring as well as in SMEs with moderate leverage.

It went on in September to close the “Partners Group Direct Investments 2009” on its €650 million hard-cap, its largest direct investment fund ever. At the time of the final close, the fund had already made 19 investments and was showing a positive net performance.

Among the co-investments already made were Kaffee Partner, a supplier of commercial coffee provisions and drinks dispensers in Germany backed by Capvis, and Oasis Dental, backed by Duke Street. The fund has also already made at least one exit, having listed China Forestry, a forestry plantation operator, after holding the business for six months.

## RESPONSIBLE INVESTOR OF THE YEAR

### 1. Robeco Private Equity

2. Alpinvest Partners
3. Morgan Stanley

Responsible investing has been getting a lot of attention in recent years. But **Robeco Private Equity**, a subsidiary of Dutch bank Rabobank, has long been preaching the responsible investment gospel.

It introduced its first responsible investment fund, Robeco Sustainable Equities, in 1999. In May 2009 the firm held a first close on €50 million for its second private equity fund of funds, which focuses on investments in funds that adhere to socially responsible investing principles.

Robeco PE adheres to multiple frameworks for responsible investing, including the UN Principles for Responsible Investment, the Dutch Corporate Governance Code and the United Nations Global Compact. To it, responsible investment consists of five elements: engagement and voting; transparency regarding risk, cost and returns; “an excellent range of sustainable and responsible products”; integration of environmental, social and governance factors into investment analysis and decision processes; and the implementation of corporate responsibility principles into its operational management.

The firm’s investment portfolio stretches across 20 to 30 private equity funds and is diversified by geography, industry, companies and vintage years. Robeco’s Swiss investment manager SAM makes corporate ESG data available to the fund managers, who use the information in their investment decisions.

## PRIVATE EQUITY DEAL OF THE YEAR

### 1. WorldPay - Advent International, Bain Capital

2. Alcan - Apollo Global Management, Fonds Stratégique d’Investissement
3. Care UK - Bridgepoint



**Worldpay:** Credit card processing deal wins kudos

The Royal Bank of Scotland was on the sell-side of a number of interesting deals in 2010 in both the secondary and primary market. In this instance Boston-based private equity firms Advent International and Bain Capital agreed in August to buy RBS **WorldPay**, the Royal Bank of Scotland’s card payment subsidiary business, for an enterprise value of up to £2.025 billion (€2.43 billion; \$3.24 billion).

One of the running themes of 2010 was banks shedding assets and opportunistic private equity firms picking them up. Most active among the banks in this regard, were the ones which had been forced to receive government investment during the nadir of the financial crisis.

Government-owned RBS retained a minority stake of 19.9 percent in WorldPay, with Advent and Bain evenly splitting the remainder. Advent went on to revisit the RBS sell-off at the end of the year, acquiring RBS’ stake in £925 million healthcare group The Priority.

## VENTURE CAPITAL DEAL OF THE YEAR

### 1. Zong - Matrix Partners, Advent Venture Partners, Newbury Ventures

2. Mimecast - Index Ventures, Dawn Capital
3. Criteo - Bessemer Venture Partners



**Facebook:** fuelling Zong’s success

In a year when Facebook seemed to become more widely talked-about than ever before – witness Facebook’s \$450 million in funding from Goldman Sachs and the \$200 million-plus pulled in from ticket sales for the movie “The Social Network” – it should come as little surprise that the venture

capital deal of the year was for a Facebook-related company: **Zong**, the social networking giant’s mobile payment provider.

Matrix Partners led a group of investors including Advent Venture Partners and Dawn Capital in completing a \$15 million round of funding for the Palo Alto-headquartered company.

Zong’s platform provides gamers and users of social networks with the ability to make payments over mobile devices that are processed by wireless carriers instead of financial institutions.

In similarly unsurprising news, when Dow Jones VentureWire examined hundreds of young technology start-ups that raised venture capital in today’s challenging economy, Zong was named one of the 50 most promising companies to watch.

## PRIVATE EQUITY EXIT OF THE YEAR

### 1. Pets at Home - Bridgepoint

2. Pandora - Axcel Partners
3. Vue Cinemas - Cavendish Square Partners

As the credit crisis unfolded, large-cap private equity giants start looking down the deal size spectrum to put capital to work. Many firms in the mid-market worried about the competitive element this would bring. Prices would be pushed sky-high; the true mid-market firms would be squeezed out of heated auctions. Well ... that was only half of the story, because buyout firms looking for smaller targets also provided a welcome exit channel for mid-market owners of high-quality assets.

One of the more eye-catching deals in this mould was European mid-market firm Bridgepoint’s sale of **Pets at Home**, a pet superstore chain, to Kohlberg Kravis Roberts. The £955 million (€1.1 billion; \$1.5 billion) price tag valued the company at an 11.3x multiple of its projected 2010 EBITDA. The deal marked the culmination of an

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auction process that had drawn nine first-round bidders when it started in November 2009, with TPG, Bain Capital and Apax Partners coming up against KKR in the second round of bidding. The investment generated a total return of eight times Bridgepoint's original investment.

### VENTURE CAPITAL EXIT OF THE YEAR

1. **Betfair - Balderton Capital, Index Ventures, Softbank Capital**
2. Polar Rose - Nordic Venture Partners
3. Qliktech - Accel Partners, Jerusalem Venture Partners

Venture capital firms Balderton Capital, Index Ventures and Softbank Capital made headlines in October by partially exiting their investment in **Betfair**, the world's largest international online sports betting provider, when the company raised nearly £1.4 billion (€1.6 billion; \$2.2 billion) in its initial public offering.

Headquartered in the UK, Betfair processes more than 5 million transactions per day and has won two Queen's Awards for Enterprise. Hosted in Malta, it also has a games portfolio including Betfair Poker.

Balderton's original investment in the company was made in 2000, when Betfair launched, and the firm remains one of the largest institutional shareholders after the listing.

It's unclear exactly how large a return the VCs made on the online betting company at the IPO, but it's plain that Betfair has long been a winner for venture firms. Back in 2006, Benchmark Capital sold its

stake in Betfair to Japanese technology group Softbank, generating a 40 times return.

### SECONDARIES DEAL OF THE YEAR

1. **Bank of Scotland Integrated Finance portfolio - Collier Capital**
2. Natixis Private Equity - AXA Private Equity
3. Candover Partners - Pantheon

One of the most anticipated and closely watched direct secondary deals of 2010 was struck in July when Collier Capital acquired a 70 percent stake in a portfolio of 40 **Bank of Scotland Integrated Finance (BOSIF)** assets from owner Lloyds Banking Group. Collier paid £332 million (€401 million; \$502 million) for its stake in the joint venture, valuing the portfolio as a whole at approximately £480 million and representing a "small premium to current book value" according to a statement.

Tim Jones, Collier's deputy chief investment officer, told *PEI* in August that market chatter about the deal pricing too high was to be expected. "Whenever a transaction's closed, there's always some people saying the price was too high either because they weren't invited [to bid on] the transaction, or they lost. It's just natural," he said, quipping, "I would perhaps imply that about transactions we weren't in." Both Lloyds, which is retaining a 30 percent stake, and Collier were happy with the price, he said. "Only time will tell whether we've made a smart investment; we believe we have, but time will tell."

## NORTH AMERICAN AWARDS

### LARGE-CAP FIRM OF THE YEAR

#### 1. The Blackstone Group

- =2. Kohlberg Kravis Roberts\*
- =2. Silver Lake Partners\*



**Schwarzman:**  
helming an industry  
stalwart

Take a lesson from **The Blackstone Group** – patience and perseverance are keys to success, especially in one of the worst financial downturns in recent memory.

The Stephen Schwarzman-led firm spent more than two years raising its sixth global private equity fund. It started out in early 2008 aiming to raise \$20 billion, but after Lehman Brothers collapsed later that year, the target was revised down to \$15 billion – a number it is expected to hit upon a final close in early 2011. For a mega-fund in an uncertain economy, during a period in which the large LBO model was consistently called into question, the fundraising was nothing short of incredible.

As was Blackstone's earnings statement: it reported \$1.4 billion in net income for 2010, more than double the amount reported in 2009. Its total assets under management increased 30 percent to \$128 billion. And it committed nearly \$10 billion to fresh deals across its various business lines – an amount that could increase in 2011, given its \$30 billion in dry powder across various funds and strategies.

Publicly listed Blackstone also continued to diversify its business lines and expand geographically. Among its most notable private equity moves was purchasing a 40 percent stake in Sao Paulo-based Patria Investments, one of Brazil's largest private equity and asset management firms, for a reported \$200 million.

\*Tied for second place

### MID-MARKET FIRM OF THE YEAR

#### 1. The Riverside Company

- 2. GTCR
- 3. General Atlantic

Gaining distinction in the North American mid-market can be difficult considering the amount of private equity firms competing for deals, but **The Riverside Company** maintained its reputation as one of the most active buyers in 2010 by making 24 acquisitions across a dizzying array of sectors.

"For 22 years we've been generalists in our sector expertise and we continue to have a strong generalist bent everywhere we do business," Riverside co-chief executive officer Béla Szigethy told *PEI* in October.



**Szigethy:** mid-market standout

The firm was also busy racking up impressive distributions for LPs: notable exits included the sale of Virginia-based window film manufacturer CLC, from which Riverside reaped a return of 10 times its investment and a 68 percent IRR; and the sale of court reporting company Veritext to Investcorp, generating a 5.1x return and a 38 percent gross IRR.

Its activities weren't limited to the US, either. Riverside made its first-ever investments in Italy, Spain, Turkey and Australia, where it opened a Melbourne office in April. Riverside's Australian debut came the following month when it acquired a majority stake in The Boost Investment Group, owners of Boost Juice Bars and Salsa's Fresh Mex Grill.

### VENTURE CAPITAL FIRM OF THE YEAR

#### 1. Sequoia Capital

- 2. New Enterprise Associates
- 3. Bessemer Venture Partners

Silicon Valley heavyweight **Sequoia Capital** continued to woo limited partners in 2010: it had blown past the \$1 billion target for its "Sequoia Capital 2010" fund as of a January 2011 filing with the Securities and Exchange Commission.

Why LPs clamour for access to the Michael Moritz -led firm was well illustrated last year by the public listing of portfolio company Green Dot, a prepaid credit card company whose IPO in July priced above the expected range, raising \$164 million. It soared 22 percent in its first day of trading; at press time in mid-February 2011, it was trading at \$54.80, up nearly 27 percent from its \$43.15 offering price.

Sequoia hasn't sold any of its 35 percent stake in the company, according to an analysis published in September by Techcrunch founder Michael Arrington. But were it to do so, based on a \$2.1 billion market cap at the time, Arrington estimated the firm would net a return of 35x on the roughly \$20 million it had invested in the company since inception: "That is what the big boys in Silicon Valley call a big f\*\*king home run deal."

### FIRM OF THE YEAR IN CANADA

#### 1. Onex Partners

- 2. Northleaf Capital
- 3. DRI Capital

**Onex Partners**, the large-cap private equity platform within the publicly listed asset management firm, began 2010 with plenty of capital to deploy, having just closed its third private equity fund on \$4.3 billion in December 2009.

The Canadian firm swung for the fences in July with the \$4.7 billion take-private of UK engineering company Tomkins alongside the Canada Pension Plan Investment Board, agreeing one of the largest LBOs in the UK last year.

Its mid-market private equity platform, ONCAP, meanwhile made headlines with the \$155 million sale of CSI Global Education to Moody's, generating a return multiple of approximately 5.8x.

Since 1984, Onex's private equity teams have averaged a 3.4x return and 29 percent IRR, according to its website. Onex Partners' first fund, launched in 2004, has returned 4x and generated a 72 percent IRR, while ONCAP's first fund, launched in 1999, has returned 4.1x and a 47 percent IRR. It's no wonder the franchise resonates with *PEI* readers.

## LAW FIRM (FUND FORMATION) OF THE YEAR

### 1. Debevoise & Plimpton

2. Kirkland & Ellis
3. Proskauer Rose

**Debevoise & Plimpton** kept busy with numerous fund launches in 2010, including secondary- and distressed debt-focused private equity funds. Debevoise advised Oaktree Capital Management in the formation of Oaktree Opportunities Fund VIII, a \$4.5 billion global distressed fund split into two separate structures (see p. 54). It helped London-based Doughty Hanson with the establishment of its European buyout, real estate and technology funds. It also advised Deutsche Bank on the creation of its secondary opportunity funds, among other funds.

The firm's 50-person fund formation team is one of the largest in the world, having worked on more than 1,350 private equity funds globally, worth more than \$1 trillion in committed capital, since 1995.

## LAW FIRM (TRANSACTIONS) OF THE YEAR

### 1. Simpson Thacher & Bartlett

2. Skadden Arps Slate Meagher & Flom
3. Latham & Watkins

**Simpson Thacher & Bartlett** oversaw a number of high profile North American private equity deals in 2010, including the largest leveraged buyout of the year. The firm represented Kohlberg Kravis Roberts, Vestar Capital Partners and Centerview Partners in their \$5.3 billion acquisition of Del Monte Foods. It also advised BC Partners and Silver Lake Partners on the \$3.1 billion Multiplan deal, Silver Lake's first in the healthcare sector. BC Partners and Silver Lake acquired MultiPlan from rival private equity firms The Carlyle Group and Welsh, Carson, Anderson and Stowe for \$3.1 billion, a source familiar with the situation confirmed.

Hellman & Friedman also retained the law firm to advise on one of the biggest media deals of the year: a \$640 million take-private for Internet Brands, an online media company that owns and operates more than 100 websites including vacationhomes.com and carsdirect.com.

## DEBT PROVIDER OF THE YEAR

### 1. JPMorgan

2. Bank of America Merrill Lynch
3. Goldman Sachs

US leveraged buyout loan volume in 2010 was nearly seven times that of 2009, a clear indication that the lending market reopened for business. Standard & Poor's recorded approximately \$35.4 billion of loans for large-cap and mid-market deals in 2010, compared to just \$5.3 billion in 2009. Involved with many of the transactions contributing to those totals was 2010's debt provider of the year, JPMorgan.

**JPMorgan** provided financing for several significant deals in 2010 including Leonard Green & Partners' \$1.6 billion deal to privatise NYSE-listed retailer Jo-Ann Stores. The firm also provided financing for one of the largest buyouts of the year: the \$5.3 billion take-private of Del Monte Foods by Kohlberg Kravis Roberts.

## M&A ADVISOR OF THE YEAR

### 1. Goldman Sachs

2. Houlihan Lokey
3. Morgan Stanley

Once again Wall Street behemoth **Goldman Sachs** was involved in some of the biggest private equity deals of 2010. During the year, the firm advised on a whopping 347 M&A transactions valued at about \$581 billion, according to data provider Dealogic.

Among the private equity transactions it was retained to advise on was the \$1.5 billion public offering of storage terminal operator Kinder Morgan, which was taken private in 2007 in a \$22 billion deal by Goldman's own private equity arm along with The Carlyle Group, Riverstone Holdings and Highstar Capital.

It also advised The Carlyle Group and Welsh, Carson, Anderson and Stowe on the \$3.1 billion sale of MultiPlan to BC Partners and Silver Lake Partners, as well as Uunitas Capital's purchase of Hyva, a hydraulic cylinder manufacturer, from 3i Group.

## PLACEMENT AGENT OF THE YEAR

### 1. Credit Suisse

2. Probitas Partners
3. Atlantic-Pacific Capital



**Credit Suisse:** opening doors for LPs

By most accounts, fundraising in 2010 was no easy task. Among the successful placement agents to find capital for their clients, **Credit Suisse's** private funds group was voted North America's best in class by *PEI* readers.

Wellspring Capital Management was among the clients who

of a \$450 million portfolio of private equity LP stakes from Canadian Imperial Bank of Commerce. No broker was involved in the transaction – unlike many other high profile secondaries deals agreed in 2010.

Led by 14 partners and principals, the firm also notably gained a new backer in the form of Indian financial services company Religare Enterprises. Religare, which previously announced its intentions to invest up to \$1 billion in asset management businesses around the world, agreed to buy a 55 percent stake in the firm for up to \$171.5 million. Landmark’s management said at the time it had made a “long-term commitment” to the business and would continue to run the daily operations and be responsible for all investment decisions. Landmark’s professionals retained a substantial equity stake as part of the deal.

**DISTRESSED DEBT FIRM OF THE YEAR**

1. Oaktree Capital Management
2. Apollo Global Management
3. Avenue Capital



*Sea Island: Oaktree finds sweet spot*

**Oaktree Capital Management** remains best known for distressed debt and debt-for-control investing, and has once again swept the category for all regions in which it features in the *PEI* Awards.

Last year, the firm raised its eighth “Opportunities” fund, which was split between an “A”

and “B” structure. Fund A raised \$4.4 billion, with Fund B serving as an “overflow” reservoir of capital that would not be capped and would not incur management fees unless and until capital was drawn.

That distressed debt fund wasn’t the only distressed investment-related fundraising the firm did in 2010. It also closed its “Principal Fund V” in early 2010, raising \$3.33 billion from LPs for control-oriented investments via both distressed debt and private equity investment. And it continues to raise its third European “Principal” fund.

But it wasn’t just in fundraising mode. Oaktree was involved in a number of high profile US deals last year, including partnering with Angelo Gordon on the bankruptcy reorganisation of the Tribune Company. It also partnered with firms including Avenue Capital and Starwood on the reorganisation of Sea Island, a famed US coastal golf resort that went bankrupt.

**SPECIAL SITUATIONS/TURNAROUND FIRM OF THE YEAR**

1. Sun Capital Partners
2. WL Ross & Co.
3. KPS Capital Partners

Turnaround specialist **Sun Capital Partners** was busier than ever in 2010 as companies struggled to rebound in the wake of

the economic downturn.

“We had our second-most active deal year for us in terms of new deals,” co-chief executive officer Rodger Krouse said at a media event in January 2011. “We expect 2011 to be similar to that.”

The firm completed more than 25 deals during the year, split roughly evenly between platform transactions and add-on acquisitions. Sun targeted between 30 and 35 deals in 2010, roughly the average target amount for the firm prior to the financial crisis.

Continuing the firm’s industry agnostic strategy, Sun invested in a diverse group of companies in 2010, including Captain D’s Seafood Kitchen, the second largest casual seafood chain in the US and the Scooter Store, a maker of scooters for the disabled and elderly. Its existing portfolio companies also agreed a slew of add-on deals, including the \$82 million acquisition of two cheese and meat packaging facilities by Expopack and American Standard Brands’ purchase of Safety Tubs, a walk-in bathtub manufacturer;

“We’ve been very opportunistic,” Sun principal Christopher Thomas told *PEI* in August.



*Captain D’s: one of Sun’s 2010 catches*

**MEZZANINE FIRM OF THE YEAR**

1. GSO Capital Partners
2. Sankaty Advisors
3. TCW/Crescent Mezzanine

In a year when limited partners were reluctant to open their wallets, **GSO Capital Partners**, the credit business spun out from Donaldson Lufkin & Jenrette and acquired by The Blackstone Group in 2008, managed to raise an impressive \$3.25 billion for its Capital Solutions Fund in July.

Notable investors in the fund included the California Public Employees’ Retirement System, the California State Teachers’ Retirement System, the Illinois Teachers’ Retirement System, the Korea Investment Corporation, the Teachers’ Retirement System of Texas and the San Diego County Employees’ Retirement Association, which committed \$50 million. The fund has a 1.5 percent management fee, which is offset 100 percent by transaction fees, according to San Diego pension documents.

The debt-focused fund targets rescue loans, and also seeks distressed-for-control and opportunistic transactions such as bankruptcy loans. In select cases, the GSO Capital Solutions will invest alongside core Blackstone funds. At the time of the closing in July, the fund had already invested roughly \$60 million in seven different companies.

**LIMITED PARTNER OF THE YEAR**

1. California Public Employees’ Retirement System
2. Oregon Investment Council
3. Florida SBA

With it \$48 billion private equity portfolio and hefty ticket size, the



PRIVATE EQUITY INTERNATIONAL  
**AWARDS 2010**

Secondaries firm of the  
year in North America  
**Landmark Partners**

*Pioneered The Market  
Now  
Leading Its Evolution*

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depended on Credit Suisse to help raise capital; the US mid-market firm's fund five was its largest-ever, collecting \$1.2 billion from institutional investors in the US, Canada, Europe, Japan and Australia. Another US fund raised by Credit Suisse in 2010 was Newbury Partners' second secondaries vehicle, which collected \$1 billion, beating its \$800 million target and attracting new LPs.

Credit Suisse also raised London-based Phoenix Equity Partners' 2010 fund, which was oversubscribed and collected £450 million.

The investment bank's private equity third-party fundraising team is led by Anthony Bove and John Robertshaw. The group generally takes on fund size mandates of \$300 million to \$2 billion. The team is spread out among offices in New York, San Francisco, Chicago, Los Angeles, Dallas, London, Tokyo and Melbourne.

## FUND OF FUNDS OF THE YEAR

- 1. HarbourVest Partners**
2. Adams Street Partners
3. Neuberger Berman

Boston-headquartered **HarbourVest Partners** received a strong vote of confidence from the New York State Teachers' Retirement System in November: it received a total of \$225 million in commitments from US public pension, \$125 million of which went to HarbourVest/NYSTRS Co-Invest fund, with the remaining \$100 million going to HIPEP Select Asia Fund. That brought the pension's total commitment with HarbourVest to about \$1 billion across several funds.

HarbourVest made headlines in other parts of the world, too, listing its Amsterdam Euronext-traded vehicle HarbourVest Global Private Equity (HVPE) on the London Stock Exchange. The dual-listing was meant to provide access to a greater number of "typical" listed private equity investors, such as wealth management and asset management firms.

The firm's other activities during the year included the launch of HarbourVest Senior Loans Europe, a vehicle to invest in senior secured loans of up to 30 European small- and mid-market private equity-backed companies. It also invested \$300 million to acquire minority interests in five companies owned by Bahrain-based investment firm Arcapita Bank. HarbourVest and Arcapita created a new fund to effect the transaction, with Arcapita continuing to manage the portfolio.

## SECONDARIES FIRM OF THE YEAR

- 1. Landmark Partners**
2. Lexington Partners
3. AXA Private Equity

**Landmark Partners**, one of the oldest secondaries firms in the industry, last year closed its 14th fund with commitments totalling \$2 billion. The Connecticut-headquartered firm has already agreed at least eight transactions for Fund XIV that together comprise 67 interests in 62 funds managed by 37 different GPs.

Among the transactions it closed last year was the acquisition

**California Public Employees' Retirement System** can make or break private equity firms. A commitment from the US public pension can be the badge of legitimacy a GP needs to get through the fundraising slog. Likewise, a decision not to re-up can be detrimental.

Aside from assisting in the growth and institutionalisation of the asset class on the primary side, CalPERS has also embraced the secondaries market as a means to actively manage its large number of relationships and massive private equity portfolio. Having already sold some \$2 billion in LP stakes back in 2008, the pension in 2010 reportedly began shopping \$800 million-worth of largely unfunded mega-buyout stakes from brand-name GPs.

Because of its outsized presence in the market, the public pension, with some \$220 billion of assets, has also led the charge in changing the dynamic between LPs and GPs. CalPERS has demanded of its managers lower fees, and in the wake of the pay-to-play scandal, instituted a placement agent disclosure policy that is emulated by public pensions across the US.

**DIRECT/CO-INVESTOR OF THE YEAR**

**1. CPP Investment Board**

- 2. Teachers' Private Capital (Ontario Teachers)
- 3. The Teacher Retirement System of Texas

With a do-it-yourself work ethic, Canadian pensions have been the standard-bearers of limited partners heavily complementing fund investments with a strong direct investment programme. **CPP Investment Board's** in-house principal investments team does direct deals and co-investments ranging from \$20 million to \$500 million and to date has committed more than \$7 billion directly alongside its private equity fund partners.

Last year, the pension made several notable co-investments. It teamed up with publicly listed Canadian firm Onex Partners in the £2.9 billion acquisition of UK-based engineering firm Tomkins in what was one of the UK's largest buyouts of the year. It also closed the record-setting \$5.2 billion take-private, alongside TPG Capital, of IMS Health, which was the largest agreed US LBO in 2009.

At the beginning of 2010, CPPIB promoted Mark Wiseman, former private investments chief, to oversee all private equity, real estate and public deals.

**RESPONSIBLE INVESTOR OF THE YEAR**

**1. California Public Employees' Retirement System**

- 2. California State Teachers' Retirement System
- 3. Illinois State Board of Investments

The **California Public Employees' Retirement System** tweeted in November 2010 that it planned to "incorporate ESG investing across all of its funds by middle of next year".

In terms of private equity, the pension in the past has supported cleantech initiatives, committing \$600 million since 2007 to a

dedicated programme that is now managed by Capital Dynamics. Since June 2010, it has committed \$200 million as part of the programme to seven GPs including DFJ Element, Carlyle/Riverstone, Craton Equity Partners and VantagePoint Venture Partners.

It is also a signatory to the UN Principles for Responsible Investment, a framework for making responsible investments. Typically LPs that sign up to the PRI wish for their GPs to do the same, or at very least demonstrate that a policy is in place for methodically considering and addressing environmental, social and governance issues throughout the investment selection and management process.

Given the breadth and depth of CalPERS' relationships in the private equity world, its support of both the PRI and ESG integration are expected to influence both institutional investors and fund managers.

**PRIVATE EQUITY DEAL OF THE YEAR**

**1. Interactive Data - Warburg Pincus, Silver Lake Partners**

- 2. First Republic Bank - Colony Capital, General Atlantic
- 3. NBTY - The Carlyle Group

Warburg Pincus and Silver Lake Partners joined forces once again in 2010 to agree what *PEI* readers felt was the private equity transaction of the year: the \$3.4 billion take-private of financial market data and analytics powerhouse **Interactive Data**.

The deal was struck amid a resurgence of the debt markets last year that contributed to a rejuvenation of mergers and acquisitions in general. Warburg and Silver Lake were able to gain financing support for the deal from Bank of America Merrill Lynch, Barclays, Credit Suisse and UBS.

It is not the first time the private equity firms have joined together on deals over the years. For example, in 2004 the pair, along with Bain Capital, teamed on the \$2 billion buyout of UGS PLM Solutions from EDS. In 2007, they sold the industrial software supplier to Siemens for \$3.5 billion, netting a roughly 3x return. Warburg and Silver Lake are surely expecting to replicate, or better, that success with Interactive Data.

**VENTURE CAPITAL DEAL OF THE YEAR**

**1. Endgame Systems - Bessemer Ventures, Columbia Capital, Kleiner Perkins Caufield & Byers and TechOperators**

- 2. Bright Source - VantagePoint Venture Partners, Draper Fisher Jurvetson and Morgan Stanley
- 3. Better Place - HSBC, Morgan Stanley Investment Management, Lazard Asset Management, Israel Corp., VantagePoint Venture Partners, Ofer Hi-Tech Holdings and Maniv Energy Capital

Fighting evil worms may sound like the stuff of a sci-fi novel, but corporate cyber security is a serious business: the industry's revenue



is expected to rise to more than \$2.1 billion by 2014, according to technology market research firm The Radicati Group.

So it's perhaps unsurprising the VC deal of the year was related to **Endgame Systems**, an Atlanta start-up whose cloud-based malware and botnet detection software – an industry first – has tech circles buzzing.

The company in October raised \$29 million in a Series A financing round from Bessemer Ventures, Columbia Capital, Kleiner Perkins Caufield & Byers and TechOperators. A statement at the time noted that more than 280,000 organisations and over 250 million IP addresses had been infected with viruses and other malware, and as the attacks get smarter, so too must the technology to combat them.

Endgame's appeal to VCs was also heightened by the fact that it's led by Tom Noonan, who previously ran Internet Security Systems, a security software company IBM acquired for \$1.3 billion in 2006.

## PRIVATE EQUITY EXIT OF THE YEAR

1. **Tommy Hilfiger - Apax Partners**
2. East Resources - Kohlberg Kravis Roberts
3. CLC - Riverside Company

Apax Partners scored a blockbuster 4.5x return on its investment in clothing brand **Tommy Hilfiger** with its €1.9 billion sale to strategic buyer Philips-Van Heusen.

The private equity firm had acquired the company in a €1.2 billion take-private in 2006, with capital from its €4.3 billion Europe Fund VI and its \$856 million US Fund VII.

Under Apax's ownership, Tommy Hilfiger acquired its Japanese licensee; entered into an exclusive department store distribution agreement with Macy's in the US; sold its sourcing operation to Li & Fung; and re-launched its e-commerce business in cooperation with D+S, another Apax portfolio company.

The company also served as a reminder to critics that private equity ownership is indeed positive: the company's earnings before interest, taxes, depreciation and amortisation increased to €256 million from €180 million under Apax's ownership, while net debt decreased from about 4.3x EBITDA to the current level of 1.5x EBITDA.

## VENTURE CAPITAL EXIT OF THE YEAR

1. **Facebook - Accel Partners**
2. Tesla Motors - VantagePoint Venture Partners, Bay Area Equity Fund, Westly Capital Partners, Compass Venture Partners, Riverwood Capital, Vertical Fund
3. Green Dot - Sequoia Capital, Tech Coast Angels

Limited partners found another reason to "like" Silicon Valley veteran Accel Partners last year: the firm sold an undisclosed amount of its stake in **Facebook** at a reported \$34 billion



**Facebook:** Returns in focus

valuation. It's unclear how much was sold and to whom – industry publication VentureBeat estimated Accel had sold less than 20 percent of its total stake, while Techcrunch's bloggers reportedly heard \$80 million-worth of shares was sold to Andreessen Horowitz and another

\$200 million-worth to Technology Crossover Ventures.

Reports also differ as to whether Accel remains the largest VC shareholder in the social networking behemoth – but it's clear the firm is already making an epic return on its participation in Facebook's \$12.7 million Series A financing round. Accel's purchase of an 11 percent stake in the Series A reportedly prompted some high valuation VC trash-talking back in 2005 – but the recent partial exit alone may make the firm's \$520 million Fund IX one of the most successful venture funds ever raised.

## SECONDARIES DEAL OF THE YEAR

1. **Bank of America fund interests portfolio - AXA Private Equity**
2. Citi fund interests portfolio - Lexington Partners/Stepstone Group
3. New Mainstream Capital spin-out from Goldman Sachs - Pantheon Ventures

It's fitting that a French firm was "fashion-forward" in 2010. AXA Private Equity capitalised in a big way on what secondary market participants had been eagerly awaiting as the next big trend: the divestiture of assets deemed non-core by large banks struggling to shore up balance sheets and avoid future regulatory conflicts.

In July, the Paris-headquartered firm completed what it dubbed "one of the largest secondary private equity transactions in history", with the acquisition of **Bank of America's \$1.9 billion portfolio of LP stakes**. Terms were not disclosed, though about \$400 million of the purchase price was syndicated out to AXA LPs, a source close to the deal told *PEI* at the time. The funds were 2005, 2006 and 2007 vintages – 90 percent of which were US vehicles – that Bank of America had invested in from its balance sheet. It gave AXA instant exposure to some mature US buyout assets.

The deal also marked a return to the secondaries market for AXA, which had largely sat on the sidelines since 2008, concerned by some of the high premiums buyers were paying for assets. The firm is marketing its latest secondaries fund, which has a \$3.5 billion target and by year-end was said to have received indications of interest worth nearly \$2 billion.

## AFRICAN, LATIN AMERICAN, MENA AWARDS

### FIRM OF THE YEAR IN AFRICA

1. Actis
2. Aureos Capital
3. Emerging Capital Partners

Actis has once again earns top honours for its private equity activities in Africa. The pan-emerging markets specialist continued to deploy capital from its \$2.9 billion 2008 fund into a selection of deals that reads like a lesson in how to capitalise on pan-African investment trends: an Egyptian payment processing business to capitalise on the shift from cash to electronic payments; a clothing fabric producer and a shopping mall to serve the expanding middle class; and a bolt-on deal for a power plant to capitalise on the infrastructure opportunity.

Actis takes the crown in the face of stiff competition from the likes of Emerging Capital Partners, which raised the largest ever Africa focused fund in 2010 at \$613 million, and Aureos Capital, which has nearly \$600 million of Africa-focused capital under management.

### FIRM OF THE YEAR IN LATIN AMERICA

1. Actis
2. Southern Cross Group
3. The Carlyle Group

Actis has a 30-year history of investing in Latin America, but in 2010 it samba-ed its way into Brazil, striking three private equity deals in rapid succession worth nearly \$170 million.

Its \$58 million minority investment in Brazilian supermarket

chain operator Companhia Sulamericana de Distribuição, agreed in September, marked the firm's first Latin American acquisition since spinning out in 2004 from UK development finance institution CDC Capital Partners. It again sought to capitalise on the country's growing consumer class in November, investing \$53 million in cleaning products company Gtex.

And later that month, it backed Brazil's largest independent brokerage firm, XP Investimentos. It invested \$58 million for a minority stake ahead of a planned IPO.

### FIRM OF THE YEAR IN MENA

1. Abraaj Capital
2. Citadel Capital
3. Invest AD

Abraaj Capital ended 2010 with a bang, agreeing the Middle East and North Africa region's largest private equity deal of the year by investing AED2 billion (€415 million; \$545 million) in exchange for a 49 percent stake in Network International, the credit card processing arm of Emirates NBD bank.

Its SME-focused platform, Riyadh Enterprise Development (RED), was also busily expanding its footprint. It opened an office in the West Bank in connection with a Palestinian SME fund that Abraaj established with the Palestine Investment Fund. RED also received a boost from the Overseas Private Investment Corporation, which committed \$150 million to its latest regional SME fund, targeting \$1 billion.



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# ASIA AWARDS

## LARGE-CAP FIRM OF THE YEAR

1. TPG Capital
2. Carlyle Group
3. CVC Capital Asia



**Chongqing:** RMB launching pad for TPG

As the firm behind both Asia’s large deal and the large exit of the year (for Healthscope and Shenzhen Development Bank respectively), it’s not a surprise that **TPG** was also voted large-cap firm of the year. Despite suffering a major setback with the departure of top China dealmaker Weijian Shan in June, TPG continued throughout 2010 to stamp its presence across Asia.

Large deals agreed during the year included the \$1 billion co-investment with Kohlberg Kravis Roberts and Singapore’s GIC to buy Morgan Stanley’s 34.3 percent stake in Chinese investment bank CICC; a \$400 million co-investment with GIC into Indonesian Stock Exchange-listed mining company Delta Dunia Makmur; and the recapitalisation plan for stricken Australian power firm Alinta.

The global firm has also been digging deeper into China, launching not one, but two, RMB funds in as many days in August. The Chongqing- and Shanghai-based vehicles, both targeting RMB5 billion (£580 million; \$736 million), mean TPG joins an elite group of only two global firms, the other being The Carlyle Group, to have more than one RMB fund under its belt.

## MID-MARKET INVESTOR OF THE YEAR

1. Baring Private Equity Asia
2. Bain Capital
3. SAIF Partners

Last year it came second, but this year pan-Asia-focused **Baring Private Equity Asia**, headed by industry stalwart Jean Eric Salata, has taken the crown for mid-market firm of the year.

While the fundraising environment remains tough for many private equity firms, BPEA had no problem attracting capital for its fifth fund – in fact it seems investors all but formed a queue. After only five months in the market, the firm closed on its hard cap of \$2.46 billion – turning away \$1 billion of over-subscriptions.



**Salata:** hot off the fundraising trail

BPEA’s market standing was also evidenced by the secondary market in 2010, which is often used as another way to gain primary exposure to Asian funds. According to a source whose firm tracks

the appetite of about 500 active secondaries buyers, BPEA in 2010 came second only to China-focused CDH Investments on a secondaries buy-side wish list.

## VENTURE CAPITAL FIRM OF THE YEAR

1. Sequoia Capital
2. KPCB China
3. Qiming Ventures



**Sequoia Capital:** Making a call on mobile security

**Sequoia Capital’s** success in the West has also translated to Asia, whose early stage companies are set to receive a good portion of the \$1.35 billion its “Sequoia Capital 2010” fund had raised as of a January 2011 filing with the Securities and Exchange Commission.

That fund, which had been targeting \$1 billion and remains open, is earmarked specifically for early and growth stage tech companies in the US and China. The firm’s Chinese arm, led by Neil Shen, will also focus on other sectors, targeting “companies positioned to benefit from China’s growing economy and increasing number of consumers”, according to a document from the University of Michigan Regents, which committed \$15 million to the fund.

Last year the China team was particularly busy: it participated in two funding rounds; exited Beijing-based social networking site Comsenz via a trade sale to Chinese internet giant Tencent; and had nine portfolio companies go public.

Sequoia’s activities in India, in particular, were also given kudos by readers this year – see page xx.

## FIRM OF THE YEAR IN AUSTRALIA

1. Archer Capital
2. CHAMP Private Equity
3. Quadrant Private Equity

Last year’s runner-up, this year **Archer Capital** has taken the top spot in Australia, despite not having had as active a year in 2010 as some of the other firms on the shortlist.



**Dairy:** a sector Archer thinks worth milking

While CHAMP and Quadrant both closed funds last year, Archer, currently investing from its fourth buyout fund and first growth fund, popped up less frequently on the news radar. The times that it did included its \$200 million bid for Australian Securities Exchange-listed Boom Logistics in May; the divestment of New Zealand

tech company Onesource Group in December; and the ongoing bolt-on acquisition of milk and juice company Brownes by portfolio company DairyWest.

There has also been constant speculation over the timing of an IPO of Ascendia Retail, originally slated to list in late 2009, which includes retail brands Amart All Sports and Rebel Sports. Media reports have suggested the IPO – when it does happen – could fetch well over \$700 million.

While it may not necessarily reflect 2010 activity levels, Archer's win could instead speak to another trend playing out in Australian private equity. The consensus view is that the industry is about to enter a period of consolidation due to fundraising constraints. In this climate, the expectation is, naturally, that the best-performing GPs will stand the greatest chance of survival. Clearly, readers expect Archer to be among them.

## FIRM OF THE YEAR IN CHINA

### 1. CDH Investments

2. Lunar Capital
3. Baring PE Asia



**Pay by Finger:**  
CDH has backed the company's bid to eliminate bank cards

**CDH Investments**, led by dealmaker Shangzhi Wu, has for the third time won the title of firm of the year in China.

In early 2010, the firm closed its heavily-oversubscribed fourth fund on its \$1.4 billion hard-cap, in a market where many firms have struggled even to reach a first close. And in the first half of 2011, it's expected to reach a final close on its second RMB-denominated fund, with a reported target of RMB10 billion (€2.2 billion; \$3 billion). That fund reportedly stands to secure a commitment from China's Social Security Fund, which committed RMB2 billion to the firm's RMB5 billion predecessor.

CDH was also busy pleasing its LPs with exits last year. Two of its companies went public on the New York Stock Exchange: Chinese real estate service provider Syswin raised \$67.2 million and Xueda Education Group raised \$127.6 million. Meanwhile, portfolio company China Modern Dairy raised \$450.8 million from an IPO on the Hong Kong Stock Exchange.

## FIRM OF THE YEAR IN JAPAN

### 1. Japan Industrial Partners

2. CITIC Capital
3. Nippon Mirai Capital

Though they fly very much under the radar – a source says even their LPs sometimes find them elusive – **Japan Industrial Partners** has done a good job of staying in the game when it comes to new investments and exits.



**Bathroom fixtures:** Japan Industrial Partners taps into opportunity

In 2010, the firm completed the acquisition of a majority stake in kitchen and bathroom fixture manufacturer Yamaha Livingtec; backed the take-private of Jasdac-listed used car auction operator JAA FOR \$140 million; and bought Kyowa Hakko Chemical from Kyowa Hakko Kirin in a deal reportedly worth \$733 million.

On the exit front, the firm was part of a consortium, also including Daiwa Corporate Investment and Polaris Capital, which sold health food company Q'Sai to Coca Cola West, returning a multiple greater than 2x and an IRR in the mid-twenties. As one Japanese private equity professional noted, that kind of return may not be spectacular, but it is pretty outstanding given the 2006-08 vintage of the original deal.

## FIRM OF THE YEAR IN INDIA

### 1. Sequoia Capital India

2. 3i Group
3. CX Partners

India's top three private equity firms of 2009 have been replaced by a completely new roster in 2010, led by growth investor **Sequoia Capital India**.

Last year, Sequoia made several small scale investments in companies such as software maker Quick Heal, education provider K-12 Techno services, appliance maker StoveKraft and insurance company Star Health and Allied Insurance. In total, Sequoia Capital India secured 15 investments, with eight in IT-related companies.

It also made use of a buoyant exit market to cash out on several previous deals, such as pathology laboratory Dr Lal Pathlabs (runner up in the small exit of the year category); Paras Pharmaceuticals (which netted roughly \$700 million for Sequoia and co-investor Actis); and legal process outsourcing company Pangea3, which Sequoia Capital and New York-based private equity firm The Glenrock Group sold to Thomson Reuters for about \$100 million.



**Paras Pharmaceuticals:**  
popping exit for Sequoia

## FIRM OF THE YEAR IN SOUTHEAST ASIA

### 1. Navis Capital

2. Mekong Capital
3. CVC Asia Pacific

Though Nicholas Bloy, co-founder and managing partner of **Navis Capital Partners**, said last year he was sceptical of some LPs' ability



**Bloy:** leading Southeast Asian private equity

to find Southeast Asia on a map, this does not seem to have held Navis back in any way.

In fact, the Kuala Lumpur-headquartered firm closed its sixth fund focusing on Southeast Asia and Australia on \$1.2 billion in September 2010, albeit \$100 million short of its original target. Since then the fund has made a \$30 million commitment to Kuala Lumpur-based cosmetic products distributor Alliance Cosmetics Group and acquired container company Eng Kong holdings in a \$77.4 million take-private.

Navis also scored a 5.5x return in 2010 on the \$200 million sale of specialty rubber company Linatex, which its fourth fund had acquired for \$31.4 million in 2005.

## LAW FIRM (FUND FORMATION) OF THE YEAR

1. O'Melveny & Myers
2. Debevoise & Plimpton
3. Goodwin Procter

To understand how relative newcomer **O'Melveny & Myers** managed to break Debevoise & Plimpton's two-year stronghold on this title, all you need to do is glance at the firm's client base, which includes some of the most high profile new names in Asian private equity.

In China, CITIC Private Equity Funds Management and Primavera, the firm set up by ex-Goldman Greater China chairman Fred Hu, count as clients. Elsewhere in Asia, OMM is working on the maiden fund of KV Asia Capital, the firm recently established by ex-Stanchart PE executive Karam Butalia and ex-Morgan Stanley Southeast Asia PE head Vibhav Panandiker.

Led by Singapore-based Dean Collins, the OMM Asian funds team has also placed itself at the forefront of the RMB/USD fund industry in China. In fact, Beijing-based partner Lawrence Sussman, a China funds veteran, reportedly worked with Shanghai on drafts of its recently released Pilot Program of Foreign-invested Equity Investment Enterprises.



**Collins:** advising the new wave of Asian PE

## LAW FIRM (TRANSACTIONS) OF THE YEAR

1. Debevoise & Plimpton
2. Norton Rose
3. Herbert Smith / Gleiss Lutz / Stibbe

**Debevoise & Plimpton** has won readers' votes for law firm of the year with respect to its work on Asian private equity

transactions. High-profile deals Debevoise advised on in 2010 included AIG's \$2.16 billion sale of its Taiwan Nan Shan Life unit to a consortium led by local conglomerate Ruentex, and Baring Private Equity Asia's investment in Hyderabad-based Coastal Projects, a deal reportedly valued at \$60 million.

Hong Kong-based partner Thomas Britt leads the firm's work on financial sponsor-backed transactions throughout the region, while fund formation-focused partner Andrew Ostrognai chairs Debevoise's Asia practice. In October, the firm announced that Paris-based partner Drew Dutton was relocating to the firm's Hong Kong office, along with four associates, to help expand its financial services and transactional private equity platforms.

## DEBT PROVIDER OF THE YEAR

1. Standard Chartered
2. JPMorgan
3. HSBC



**Stanchart:** Digging deep into the debt market

Global bank **Standard Chartered** has once again taken the top spot for its financing of Asian private equity transactions.

The bank, which has in the past participated in the underwriting of such mammoth transactions as 2009's \$1.8 billion Oriental Brewery buyout by Kohlberg Kravis Roberts, returned to the fray again in 2010 with such deals as the debt financing package for Ivanhoe Mines, and bond issues of Singaporean SWFTemasek Holdings.

Sumit Dayal is the global head of StanChart's leveraged finance division, while Sanjeev Chhabra leads the division's Indian activities, Sanjay Chowdhry looks after Southeast Asia and Edward Crook helms Greater China.

## M&A ADVISOR OF THE YEAR

1. Goldman Sachs
2. Morgan Stanley
3. Ernst & Young

No one can dispute **Goldman Sachs'** place at the front of the pack in Asian M&A, given this is the fourth consecutive year the investment banking giant has won this award. Through the third quarter 2010, the bank had advised on 43 M&A deals in Asia, ex-Japan, worth more than \$40 billion – which in keeping with an upswing of Asian M&A activity, represented a steep increase over the same period in 2009, when it advised on 36 deals worth more than \$21 billion, according to Mergermarket data.

The heavyweight investment bank advised on number of Asian private equity transactions in 2010, including the \$2.7 billion take-private of Australian hospital chain Healthscope by The Carlyle Group and TPG Capital (see p. xx). It also advised CVC Capital

Partners and Indonesian retailer Matahari Putra Prima on their \$777 million acquisition of Matahari Department Store.

## MEZZANINE PROVIDER OF THE YEAR

### 1. CLSA Capital Partners

2. Asia Mezzanine Capital Group
3. ICG Asia



**Delatte:** hard to market mezzanine

Following the doldrums of 2009, 2010 was a year in which Asia regained some appetite for mezzanine debt. Leading the pack in 2010 was **CLSA Capital Partners** and its MezzAsia Capital division, which last year placed third and this year was named mezzanine provider of the year in Asia.

The private equity arm of Asian brokerage house and investment bank CLSA Asia-Pacific Markets, CLSA is quick to acknowledge that mezzanine still needs to bed down in Asia, where it has yet to gain

the momentum it has in Western markets. In a recent interview, Stephane Delatte, CLSA managing director, told us recently that part of the issue one has marketing mezzanine is that it often carries a higher yield compared to traditional senior bank financing.

## PLACEMENT AGENT OF THE YEAR

### 1. Mercury Capital Advisors

2. Probitas Partners
3. MVision Private Equity Advisers

It might seem strange that a firm that's only been in business for a year-and-a-half has won placement agent of the year in Asia, but it can be put down to the reputation built by the former Merrill Lynch private fund placement team before it went independent in September 2009. The spin-out followed Bank of America's decision in June 2009 to "downsize" the unit, which it had inherited as part of its merger with Merrill. From 2003 to 2008, the group raised approximately \$92 billion of capital, most recently including Silver Lake Partner's \$9.3 billion third fund, AIG Highstar's \$3.5 billion third fund and Avista Capital's \$2 billion debut fund.



**Cuan:** building up the franchise

Led by Enrique Cuan, Michael Ricciardi and Alan Pardee, **Mercury** has been slowly building out its franchise. In Asia, sources say the firm is working with Hong Kong-based North Asia-focused Excelsior Capital and China-focused newcomer Themes Investment Management, led by former Och-Ziff China head Frank Yu.

## FUND OF FUNDS OF THE YEAR

### 1. Emerald Hill Capital Partners

2. Squadron Capital
3. Partners Group



**Choung:** Looking for the returns in Asia

In a case of "small is beautiful", Hong Kong-based **Emerald Hill** squeezed out competition from some much larger rivals to take the title of fund of funds of the year.

The firm, which has a total of \$500 million in assets under management, closed its second fund in July on its \$300 million target – no mean feat in a market so crowded that some are beginning to question whether there are too many funds of funds in Asia.

With around two-thirds of the fund expected to be deployed in emerging markets, its sector-agnostic remit is simply to find the venture and growth and buyout funds that are going to yield the best return, Eugene Choung, managing director, told PE Asia last year. The firm also positions itself as "extended staff in Asia" to its clients, helping them source direct co-investments in the region alongside or outside the EHCP fund, according to its website.

## SECONDARIES FIRM OF THE YEAR

### 1. Partners Group

2. Paul Capital
3. Axiom Asia Private Capital

The Zug, Switzerland-headquartered alternatives giant has for the second year taken top honours in Asia as secondaries firm of the year. In 2010, **Partners Group** made 15 private equity and 10 real estate secondaries investments across the Asia-Pacific region, investing more than \$500 million.



**Seoul:** Partners' latest Asian locale

The firm has also been actively strengthening its presence in the region for the past year. Following the opening of its Dubai office to support its investment activities and client relationships in the Middle East and India in May, Partners in November opened a fifth Asian office in Seoul, which is led by Korean private equity industry veteran Alex Cho.

## LIMITED PARTNER OF THE YEAR

### 1. Temasek Holdings

2. China Investment Corp.
3. Korea Investment Corp.

One common thread tying GPs like The Carlyle Group, Hopu Investment Management, CITIC Capital and FountainVest Partners

together is they all count **Temasek Holdings** as an investor. The smaller of Singapore’s two sovereign wealth funds, Temasek is also a frequent co-investor with its private equity partners (see the following category).

The S\$186 billion (€107 billion; \$145 billion) Temasek rebounded in 2010 from a dismal fiscal 2008/09, when its portfolio value had hit a low of S\$130 billion. That brought it back in line with pre-crisis valuations.

Temasek has recorded 17 percent compound annual returns by market value since inception in 1974, and 42 percent in the 12 months through June 2010. Temasek executive director Simon Israel said in a press conference at the time that a significantly higher level of returns had been recorded by investments made after 31 March 2002, when Temasek shifted its investment strategy to incorporate a greater focus on Asia and reduce exposure to the mature economies of the OECD.

**DIRECT/CO-INVESTOR OF THE YEAR**

- 1. **Temasek Holdings**
- 2. China Investment Corp.
- 3. Partners Group

In line with a trend taking place around the globe, large asset owners in Asia, like pension and sovereign wealth funds, are increasingly interested in making direct investments or co-investing alongside private equity firms with attractive terms (usually paying no GP fees or carry).



*Temasek: Going directly to the source*

**Temasek’s** name pops up frequently on direct deals, often in partnership with GPs like Hopu Investment Management, run by former Goldman Sachs China partner Fang Fenglei. Prominent 2010 investments of this kind include the pair’s \$600 million share purchase into North American oil and gas developer Chesapeake Energy, as well as a \$200 million investment in China’s largest orange plantation, Asian Citrus Holdings.

**RESPONSIBLE INVESTOR OF THE YEAR**

- 1. **Squadron Capital**
- 2. CDC Group
- 3. The Government Superannuation Fund Authority of New Zealand

Taking home *PE Asia’s* inaugural responsible investor award is Hong Kong-based fund of funds **Squadron Capital**, a firm notable for being an early mover – amongst Asia-based investors at least – for signing up to the UN Principles for Responsible Investment, which it did in 2009. The PRI gives firms a framework and process for implementing responsible investment practices throughout the life cycle of an investment.



*Chow: An early signatory to the UN PRI*

Alice Chow, managing director at the firm, said shortly after Squadron signed up to the Principles that influencing environmental, social and governance issues at Asian portfolio companies can be difficult since most GPs own minority positions. “You don’t have majority control of the board and you don’t have majority control of the management of the company. You’re really relying on your judgement of the management team that they are honest, do their job with integrity and follow the rules,” she said.

**LARGE DEAL OF THE YEAR [\$500M+]**

- 1. **Healthscope - TPG, Carlyle Group**
- 2. Dili Group - The Blackstone Group, Warburg Pincus, Atlantis Investment Management Capital
- 3. Matahari - CVC Asia Pacific

Not only was the \$2.3 billion acquisition in July of hospital chain **Healthscope** by The Carlyle Group and TPG Capital the largest buyout seen in Australia for two years, it was also an example of private equity firms returning to doing what private equity firms do best: “buying companies no one else wants”, as one GP put it. The company was perceived to be under-valued on the stock exchange, and though there was one strategic buyer in the mix, the pricing battle primarily centered on rivalry between two competing private equity consortia.



*TPG, Carlyle: Had their fingers on the pulse with Healthscope*

Others pointed to the Healthscope take-private as a sign that fears foreign private equity firms would avoid investment in Australia due to uncertainty around the tax treatment of offshore holding companies in deal structures were unfounded. That TPG itself – the firm whose exit from Myer Group prompted the Australian Taxation Office to revise its private equity policies – was back in the fray suggested, said one professional, that the firm was confident it had found a way to navigate the uncertainty. The Healthscope deal had also attracted interest from CVC Asia Pacific, The Blackstone Group and Kohlberg Kravis Roberts.

**LARGE EXIT OF THE YEAR**

- 1. **Shenzhen Development Bank - TPG**
- 2. Parkway Holdings - TPG
- 3. Study Group - CHAMP Private Equity

The financial services sector in Asia has been notoriously tricky to transact in, but the exit of **Shenzhen Development Bank** (SDB) by TPG Capital proved that if you were prepared to tackle a mountain of uncertainty, you may just reap a mountain of returns.

The firm had attempted, but failed, to buy into the bank twice before the deal finally went through in 2004—but not without some legal battles. Five years later, TPG began negotiations to divest its interest in SDB with Hong Kong-listed Chinese insurance company Ping An Insurance. TPG eventually gained approval to sell its SDB shares in May 2010 in exchange for 299 million newly issued Ping An shares with no lock-up period. TPG moved quickly to sell a little more than half of its 4 percent Ping An stake only one week after the swap, generating HK\$9.7 billion, or \$1.25 billion in proceeds. It sold the remaining shares in September.

In total, TPG raised about \$2.4 billion through the share sales, representing a 16.5x return on the firm's original investment – a landmark return on a landmark private equity transaction.

## MID-SIZED DEAL OF THE YEAR [\$100M - \$500M]

1. **Coffee Day Holdings - Kohlberg Kravis Roberts, New Silk Route, Standard Chartered Private Equity**
2. KS Energy - Actis
3. Huiyan Juice - SAIF Partners

2010's mid-sized deal award was swept up by not one, but three firms. Western investors Kohlberg Kravis Roberts and Standard Chartered Private Equity share their spot on the podium with Asian counterpart New Silk Route through a collaborative \$220 million investment in **Coffee Day Holdings**.

Coffee Day owns and operates Café Coffee Day, India's largest coffee house chain, which has more than 820 cafés across India. It is not the first time it has received interest – and capital – from private equity firms; previous investors include JPMorgan, which invested \$250 million in the company in 2008; Darby Overseas Investments, which invested \$25 million from its mezzanine fund also in 2008; and Sequoia Capital.

This round bought the three firms a “significant minority” stake in the company.

## MID-SIZED EXIT OF THE YEAR

1. **BPG Food & Beverage - Lunar Capital**
2. Linatex - Navis Capital Partners
3. National Hearing Care - Crescent Capital



**BFG Food & Beverage:**  
juicy exit for Lunar  
Capital

After less than a year, China-focused Lunar Capital realised its \$25 million investment in tropical juice maker **BPG Food & Beverage** by way of a trade sale to Hong Kong-listed Asian Citrus Holdings, a deal that in turn was linked to other private equity players in the region.

Asian Citrus agreed to pay an aggregate consideration of more than \$257.7 million for BPG from various stakeholders. Lunar

had acquired a 25 percent stake in the juice maker at the end of 2009, when the company had a valuation of about \$100 million.

Asian Citrus' purchase of BPG was funded in part by a \$200 million investment by Hopu Investment Management, along with seven other investors including Singapore's Temasek Holdings.

## SMALL DEAL OF THE YEAR [SUB \$100M]

1. **eHi Car Service - Goldman Sachs, Qiming Ventures, Ignition Partners, CDH Ventures, JAFCO Asia and New Access Capital**
2. QuEST Global - Warburg Pincus
3. Avon Japan - TPG Capital

Government policies that would reduce vehicle purchases to ease traffic, coupled with the rising price of car ownership in China, has investors betting big on the country's auto rental industry. **eHi Car Service**, which says it is the country's largest car service company, has now attracted \$165 million in private funding.

The most recent round was a \$70 million capital injection in August, which was led by Goldman Sachs and included previous eHi private equity backers including Qiming Ventures, Ignition Partners, CDH Ventures, JAFCO Asia and New Access Capital.

eHi has more than 120 rental locations in 34 cities with half a million customers; it also has chauffeured service in more than 70 cities, which also caters to more than half the Fortune Global 500 companies in China, according to a statement.

## SMALL EXIT OF THE YEAR

1. **KASCO - Next Capital**
2. Dr Lal Pathlabs - Sequoia Capital
3. Comsenz - Sequoia and Morningside Ventures



**KASCO:** Coming in under par for Next Capital

Proving that Japan is not always the black hole for private equity money that it is portrayed to be, Next Capital's ¥2.1 billion (€18.5 million; \$25.9 million) exit of golf equipment manufacturer **KASCO** to trade buyer Mamiya-OP reaped a gross return of 4x and a 40 percent IRR in October. This was on the back of a ¥505 million investment made by the Tokyo-based special situations investor in 2006.

According to NCP's statement on the exit, the debt-burdened company was recording ¥350 million of ordinary pre-tax losses annually prior to the firm's investment. Since then, KASCO had become profitable with 2010 revenues forecast to be ¥4.6 billion with ordinary pre-tax profits of ¥360 million.

Shikoku-based KASCO is a manufacturer of golf gloves and other branded golf equipment consumables including KASCO gloves, Kira balls, and Power Tornado and Pyra clubs. ■