



## News release

25 September 2013

### **Graphite Capital raises £475m for UK mid-market fund**

Graphite Capital, the leading UK mid-market private equity specialist, has closed its eighth fund, Graphite Capital Partners VIII, with commitments of £475 million. Further commitments are likely to come in over the next few weeks bringing the total to over £500 million.

Despite the extremely challenging fund-raising environment, Graphite was able to reach its target relatively quickly. Existing investors provided over 85 per cent of the fund, many of whom increased the size of their investment substantially, attracted by Graphite's performance during the economic downturn and the strength of its last fund. The new fund has over 20 investors with 40 per cent of commitments coming from the UK, 25 per cent from continental Europe and 35 per cent from the USA and Japan.

CPVIII is the largest fund investing solely in UK companies to be raised in the past five years. Graphite will maintain its mid-market focus, investing primarily in companies with high growth potential valued at between £40 million and £150 million. It will also invest in smaller companies with the potential to expand through the roll-out of new sites. The fund is likely to make eight to twelve investments across a wide range of investment sizes and industry sectors.

Graphite's performance has been particularly strong during the economic downturn. Since 2006 it has invested over £600 million in 20 companies and the performance of this portfolio has been consistently strong with minimal provisions. Ten of the eleven investments made in Graphite Capital Partners VII, its previous fund, are in companies capitalised at over £40 million and all have increased both sales and EBITDA – many very substantially. All the companies have also increased staffing levels, adding 2,500 new jobs and growing total employment by 57 per cent to 7,000.

Graphite has completed a number of successful realisations in recent years, selling luxury shoe retailer, Kurt Geiger, in 2011 for £215 million and completing a further four major sales in the last twelve months with a total value of £550 million. These were NES Global Talent, the international technical recruitment group; Optimum Care and Willowbrook Healthcare, both premium quality care home providers; and Dominion Gas, the international oilfield services company.

Graphite managing partner, Rod Richards, said: "We are delighted to have been able to raise a fund of our target size at this point in the cycle. We have been extremely pleased with the performance of the portfolio over the last few years and believe that we have developed an investment approach which generates high returns in a weak economic environment. As the UK market remains highly competitive and the number of quality opportunities is relatively limited, it is particularly important to be able to address the widest possible range of sectors and deal sizes. Through our long experience of the mid-market, we have developed a strong knowledge of many industry sectors and a broad network of contacts. We are limiting the size of the fund to reflect activity levels in the market and have adopted a structure which gives us a high degree of flexibility on deal size."

Stephen Cavell, Graphite's head of investor relations, said: "We are very grateful for the strong support we have received from existing and new investors. This is not an easy fund-raising environment and we are pleased to have been able to raise the fund quickly and without a placement agent."

Weil, Gotshal & Manges LLP acted as legal advisers. The team was led by Ed Gander, Jonathan Kandel and Stephen Fox.

**Ends**