

## French PE firm Montefiore anticipates €150m interim close within weeks

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French private equity house [Montefiore Investments](#) expects to hit a first close of up to €150m for its third fund within weeks, its president has told AltAssets.

French biggest giant [BNP Paribas](#), US fund of funds Parish Capital and French fund of funds [Dahlia](#) have all committed capital to the latest vehicle, which is targeting €180m and has a €240m hard cap.

Firm president Eric Bismuth said, “We have already done a dry close with the existing investors so we are looking a summer for a true close, or just before.

“We have still one or two deals that we can do with the second fund and as soon as we have done this one, maybe two we will have the right to invest the third (fund).”

Montefiore’s first fund has made an IRR “in the high 30 per cent” according to Bismuth, while the €120m second fund from 2007 has a 25 percent IRR.

Fund two is 70 per cent invested, with 30 per cent of those investments realised, while the completely invested fund one has realised 70 per cent.

The [French private equity industry is currently facing massive constraints from new president Francois Hollande following his election as president earlier this month](#) – a situation Bismuth said could work in Montefiore’s advantage.

The new left-leaning president swept to victory on a mandate of gearing towards growth over austerity, a situation international law firm SJ Berwin said would be welcomed by private equity and venture capital houses.

But it added that a raft of reforms aimed at the financial services industry could hamper buyout deals in the country and serve to undermine the overarching growth strategy.

Bismuth said his firms’ niche of targeting ‘locally supplied services’ in the SME sector meant Montefiore was in a prime position to benefit from Hollande’s reforms.

He said, “Generally I don’t think his policies will be supportive as the French banks are pressured to provide credit to the real economy and to exit speculative activities, which might include overleveraged and risky activities.

“On the other hand it’s very clear that the SME segment is a priority of the government – they are pushing to provide more credit to the SME sector.

“We feel that this will be the most protected segment by the French government.”

Montefiore specialises in growth investments in business which require a direct physical presence, such as hotels and catering, leisure and tourism, and personal assistance service including healthcare and education.

Bismuth said, “We have the feeling, rightly or wrongly, that in 2013, 2014 and 2015, which will be the core of our investment period, the French market is going to be a quite exciting opportunity.

“The level of competition intensity has already started to decline and is likely to decline substantially in the next 24 months.

“The amount of available dry powder has started to decrease for three years in a row now – some teams have exited, and the amount of pressure has decreased.”

“Our analysis is in our segment there will be much more sellers than buyers in the next three years to come.”

He added, “We will be able to acquire the right companies that we want to acquire at the right prices, whereas sometimes in the past we have been frustrated because some of the right companies we wanted to buy we couldn’t.

“We are not bargain hunters... but we want to buy at reasonable prices.”