

## 3i spin off defies fundraising pressures

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German venture capital firm Pinova Capital, which spun off from 3i Group early last year, has shown there is life in small pockets of the private equity fundraising market by achieving a first close that is on course for the €150m (\$194m) target of its latest fund.

The firm, which was founded by four 3i partners in January last year, achieved a first close of €50m for the fund, which will focus on Germany's engineering sector.

The firm added it has a total of €96m of subscriptions – promised commitments which have yet to be finalised. It places the firm in a strong position to reach its target despite the wider slump in fundraising. A final close is expected later this year.

Investors include Commerzbank, the European Investment Fund, BIP Investment Partners and KfW Bankengruppe.

Katrin Brokelmann, a partner at Pinova, said part of the reason for the interest in the fund was that there was "a gap of experienced teams at the lower end of the market".

It is taking European venture capital firms longer to raise capital. Research from data provider Preqin shows funds closed in 2008 spent an average of 16 months on the road, which is above the average time for all private equity funds of 15 months, and represents a four month increase from funds closed in 2007, which spent only 12 months on average on the road.

A total of 61 venture capital funds were raised in 2008, worth a combined \$9.2bn (€7.1bn). In 2007 and 2006, 63 and 78 funds were raised.

Recent European venture capital fund closings include Target Partners' third fund, which managed a third close on \$149m (€115m) on January 30, and Nexit Ventures' second fund, which secured a third close on \$114m this week, according to Preqin.

In addition, Emertec Gestion and Vertis last month held final closes on Europe-focused funds of €60m and €25m.

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