



PE FUND STRUCTURING: RECENT TRENDS AND HOW IDINVEST PARTNERS IS PREPARING FOR THE FUTURE

Over the past few years, Idinvest Partners has developed a wide range of new strategies in line with its increased international presence. Indeed, as its assets under management have shot up to €8 billion and five of its portfolio companies have gone public on the Nasdaq, Idinvest Partners has taken the opportunity to hire more personnel to handle the operational aspect of proceedings.

Over this time, we have observed a number of changes regarding the structuring of private equity funds, most notably the trend towards French funds being created under the form of companies. Furthermore, since the implementation of the Alternative Investment Fund Managers Directive in France, the appointment of a management company is now mandatory, with only a few exceptions to this principle.

Idinvest Partners has also seen prospective investors negotiating harder and harder on the fund's LPA, especially around the following provisions: investment strategy, diversification ratio in the target company, geographical diversification of the investments, GP commitment, hurdle rate, waterfall of financial rights, recycling rules, and revocation of the management company and associated provisions around revocation. These provisions include in particular the definition of the fault triggering the revocation, the majority required to initiate and vote the revocation and the conditions under which the carried interest units held by the management team must be vested to the new management company.

Finally, we have noticed that fundraisings and investments are becoming more and more international and that the tax treatment at the level of the investors and of the investments is becoming fundamental, determining for instance whether or not tax treaties should be applied or taxes withheld.

For Idinvest Partners, these changes take on an added dimension of complexity since an important part of our investor base is made up by private clients. In order to meet their needs, we establish funds that respond to the specific needs of certain investors in terms of target companies, investment strategy as well as dedicated funds for a broad range of investors, such as corporate and institutional investors. Tailor-made private equity programmes are also made available to our investors to provide them with a private equity strategy and regular analysis.

Looking to future opportunities, we are increasingly looking to harness technology provided by the data revolution to facilitate the investors reporting process and seek out investment opportunities. As such, we are investing a lot of time and effort in the myriad technology tools and platforms available so as to keep pace with the competition. And, as a continentally-headquartered firm that provides investment to companies across Europe looking to expand into new markets, we are unlikely to be directly impacted by Brexit. Idinvest Partners is thus in a strong position, and if post-Brexit the marketing passport provided by the AIFMD should no longer be available, contact with UK prospective investors will be carried out in compliance with the UK national placement regime.

Guillaume Cavalin, General Counsel

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