

FUND NEWS

German Family Office Lennertz Raises Third European Private-Equity Fund-of-Funds

The firm has so far amassed nearly \$20 million for the private-equity vehicle with a target of up to \$50 million

By Maria Armental

Family office Lennertz & Co. is raising a new fund to take advantage of investment opportunities created by recent market volatility and depressed valuations.

Lennertz, which was founded by former UBS Group AG banker Philipp Lennertz, has collected nearly €20 million so far, or about \$20 million, for its third European private-equity fund, Lennertz & Co. PE Europe III GmbH, according to Oksana Tiedt, head of fund investment for the firm. Located in Hamburg, Germany, Lennertz began collecting commitments for the new fund in May with a target of raising as much as €50 million.

Investments from the fund so far include a minority stake in Technology Crossover Ventures-backed prescription eyewear retailer SuperVista AG and a commitment to Croatian electric-car manufacturer Rimac Group.

In addition to owning a majority stake in hypercar maker Bugatti, Rimac has an electric-vehicle components business that provides a key growth driver, Ms. Tiedt said. It works with car makers such as Porsche AG, Pininfarina SpA and Magna International Inc.



Oksana Tiedt, Lennertz & Co.'s head of fund investment, said the Hamburg, Germany-based family office has so far raised nearly \$20 million for its third European private-equity fund-of-funds.

PHOTO: LENNERTZ & CO.

“That’s a great European champion in the space,” she said of Rimac, adding that it has strong backers, including Goldman Sachs Group Inc. and SoftBank Group Corp., which jointly led a €500 million investment earlier this year.

Family offices, secretive firms that manage the financial affairs of some of the richest families, have become increasingly active in deal making and in targeting larger transactions, often in partnership with private-equity firms, according

to a report from accounting and consulting firm PricewaterhouseCoopers LLP.

Lennertz intends to focus investing from the new fund on small- and mid-sized European businesses. Ms. Tiedt said the bulk of the fund’s new deals would be made through investment pools managed by larger firms, such as technology-focused HgCapital in London, European buyout firm Nordic Capital in Stockholm and Bessemer Venture Partners in the U.S.

Ms. Tiedt said Lennertz also plans to make some U.S. investments from the new fund and add to its presence in the country as the firm expands. Overall, she said, the firm expects to back about 100 companies from the new fund.

As much as 20% of the fund will go into co-investments in transactions that could also include partner fund sponsors and individual family office investors, Ms. Tiedt said. Typically, Lennertz's co-investment checks range from €1

million to €3 million, she said. One such co-investment opportunity offered to Lennertz's family investors involved the SuperVista transaction, Ms. Tiedt said.

Founded in 2015, Lennertz oversees about €880 million in assets across strategies that include private equity and venture capital. The firm's family office works with 30 families.

Lennertz typically targets a 20% net internal rate of return on investments, Ms. Tiedt said, referring to a

key performance metric for private-equity firms. The net IRR for the firm's first Europe-focused private-equity fund, now in its fifth year, is closer to 30% so far, she said.

The firm had expected to return all of the first fund's capital to investors by the end of this year, but Ms. Tiedt said recent market turbulence has delayed exits. About 70% has been returned to investors so far.

"It's just some reality setting into the market," Ms. Tiedt said.