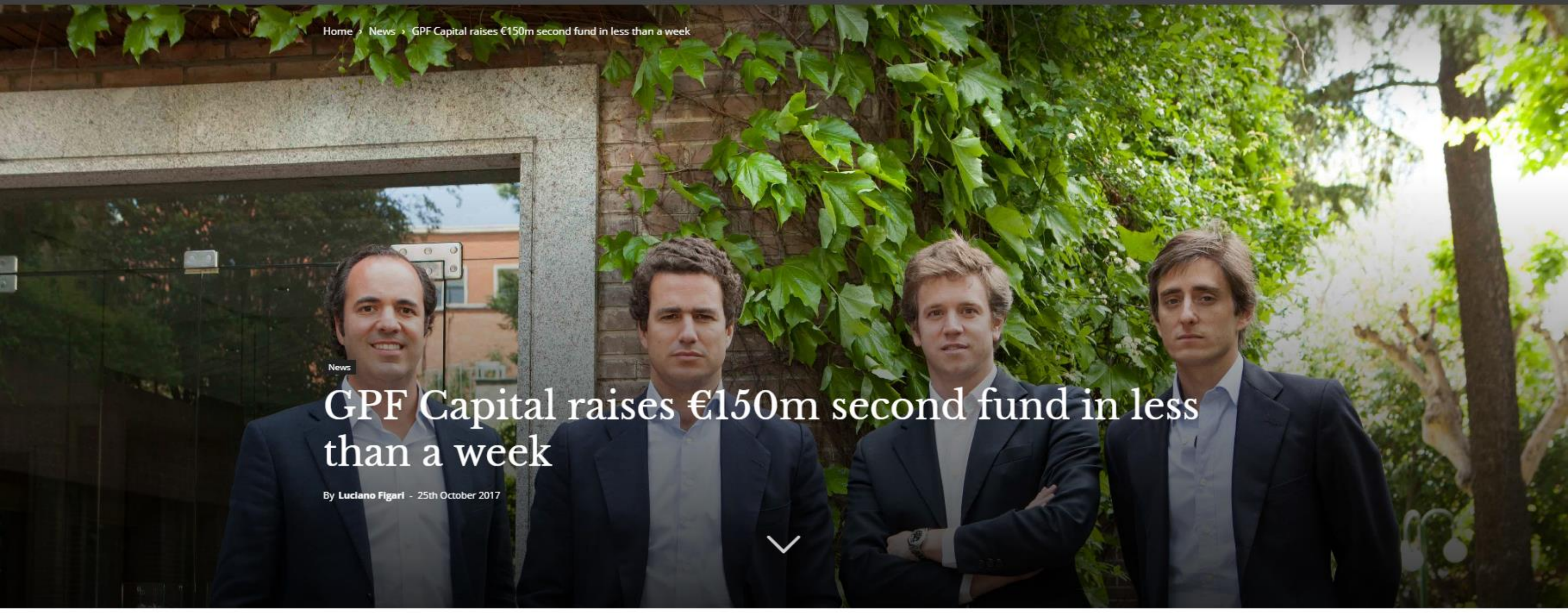

News

GPF Capital raises €150m second fund in less than a week

By **Luciano Figari** - 25th October 2017

Regardless of how benign fundraising conditions might be, not many GPs will be able to raise a fund in just one week. That is exactly what GPF Capital has done after reaching a €150m first and final close for its sophomore vehicle, above target and ahead of schedule.

The Spanish lower mid-market firm started the year on the right foot after winning the Emerging Manager Showcase award at SuperReturn. And in July it completed its first exit with the sale of telecommunications company Acuntia to trade buyer VINCI Energies, making a 3x return and 80 per cent IRR after an 18-month hold and returning nearly half of its debut fund to its LPs. These achievements attracted strong interest from major institutional investors, who preemptively approached the firm interested in committing to its second vehicle, which was not yet on the road.

At this point GPF's first fund, which closed at €103.9m in 2015, was 80 per cent deployed through investments in dairy manufacturer Queseria Iberia, telecommunications business Acuntia, automotive retail chain Aurgi, leisure conglomerate Pacha, logistics and transport company Vicarli and Spanish restaurant group La Flauta, which operates four well-known restaurants in Barcelona's popular L'Example neighbourhood.

Furthermore, additional deals were in the final due diligence phase, so GPF begun thinking about raising a new vehicle to maintain its pace of investment. After having discussions with at least 50 new potential investors, the four founding partners of GPF decided to explain the situation to their existing LPs.

Within days, the vast majority of the LPs in GPF's first fund re-upped their commitments to the second, in many cases doubling and even tripling allocations. A few family offices entered as new investors.

All of the investors in both funds are industrial or financial entrepreneurs, from Spain, Latin America and the US.

GPF Capital's partners say that communication with their investors is both key and constant throughout the investment process. They believe this type of relationship works better with private investors because they have greater industrial knowledge and are incentivised to create value.

GPF's second fund will continue with the strategy of its predecessor, which took controlling stakes in Spanish companies with Ebitda of between €3m and €8m and revenues of between €15m and €100m. Its equity tickets ranged from €10m to €20m, but could be pushed to €30m with LP co-investment.

The four amigos

Martín Rodríguez-Fraile, Lorenzo Martínez de Albornoz, Guillermo Castellanos and Ignacio Olascoaga the founding partners of GPF Capital, are not your typical private equity team.

The lifelong friendship of the four dates back to their very early school years in Madrid. They later majored in finance and telecommunications engineering and would go on to work in the private equity funds of various top firms in London, including Goldman Sachs and Morgan Stanley, with a focus on the Spanish market

"We were committed to doing something together at the right time time," Rodriguez-Fraile told *Real Deals* last year. The right time to launch their project came at the end of 2014 when Spain was recovering from the recession, but was still suffering from a credit drought.

During that time Martinez de Albornoz was overseeing investments in Spain while as an executive director for a Goldman Sachs private equity fund. "I was covering very large companies. Although those opportunities were good, they were scarce and there much more, and much better opportunities in small and medium companies," he says.

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Additionally, while some Spanish small-cap private equity funds fell into trouble during the crisis, others moved out of the space, growing in size and looking to write bigger equity tickets, explains Olascoaga, a former investment director at Corpfin Capital.

That is how the quartet identified a gap in the market and, at 30 years of age, launched their own private equity firm with a first-time fund that had a target size of €100m. The chosen name for their firm was GPF, which stands for Great Portland Funds, a reference to Great Portland Street where the four friends lived together when they were working in London.

Three years later they are still among the youngest GPs in Europe, according to trade body Invest Europe, and have made their first appointments.

Ramon Azpiroz, former director general of elevator group Savera, has been hired as an industrial director. Meanwhile, Javier Romero Requejo joined as a due diligence director. He previously spent six years in the transaction advisory services of Deloitte.

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