

## **Bridgepoint to take on the management of the Hermes Private Equity £550 million direct investment private equity portfolio**

Hermes Fund Managers (“Hermes”) today announced that Bridgepoint has been appointed to become the manager of Hermes Private Equity Partners II and Hermes Private Equity Partners III (the “HPEP funds”) - its direct private equity investment vehicles. The appointment will see Hermes Private Equity’s ten-strong direct investment team transfer to Bridgepoint and operate as a separate business division of Bridgepoint under the name Bridgepoint Development Capital (“BDC”).

The appointment follows a decision by Hermes to focus on its Fund of Funds business in Private Equity and as a consequence to exit direct private equity investing which was no longer core to its activities. Hermes Private Equity Fund of Funds activity will continue to be led by Susan Flynn supported by a team of nine with c£1.7bn under management going forward.

Rupert Clarke, Chief Executive of Hermes said “Where existing activities cannot be developed to their full potential within Hermes, we have moved those assets to third party managers. This is a strategic move, allowing us to increase the focus on private equity Fund of Funds activities which best meet our clients’ needs whilst transferring the management of our direct Private Equity to an excellent home.”

Hermes has a longstanding relationship with Bridgepoint and has been a leading investor in Bridgepoint’s three European middle market buyout funds raised since 2000. The decision to approach Bridgepoint to manage the HPEP funds now extends this relationship to cover investment in smaller buyouts and development capital across Europe.

Bridgepoint’s new division will focus on transactions generally valued at less than €100 million and which therefore fall outside the investment mandate of Bridgepoint’s existing buyout funds. The new business, Bridgepoint Development Capital, will have £550 million of funds under management. This will comprise HPEP II, which is a £250 million fund of which c.£200 million has been committed to 10 investments, and HPEP III, a £300 million fund, of which £56 million has been invested and which is exclusively funded by the BT Pension Scheme (BTPS).

As a result, Bridgepoint will have €9.8 billion under management, of which over €5 billion is capital available to invest in the next four to five years. Included in this is the recently raised Bridgepoint Europe IV, a €4.8 billion buy out fund which focuses on middle market acquisitions in Europe in companies valued between €200 million and €1 billion.

Commenting on the creation of Bridgepoint Development Capital, Bridgepoint's managing partner William Jackson said: "Hermes and BTPS have been long term investors with Bridgepoint and we are really delighted to strengthen our relationship further. Our principal investment focus remains on transactions between €200 million and €1 billion, but it's very clear that there are also attractive investment opportunities in the smaller buyout market across Europe, and the formation of Bridgepoint Development Capital enables us to capitalise on those".

"The HPE investment team adds depth and breadth to Bridgepoint's investment activity and provides additional resource for the firm. Whilst the existing Bridgepoint pan-European Middle Market Buyout team and the development capital team will operate separately, both groups will benefit from shared central resources and sector and market knowledge. We believe that this has the potential to enhance returns to investors in respective funds." he said.

Rod Selkirk, formerly chief executive of Hermes Private Equity, returns to Bridgepoint as a Partner (having worked at the firm from 1990 till 2002) and head of Bridgepoint Development Capital, said: "This is a perfect fit. Bridgepoint provides the right environment in which to develop a smaller buy out business and this is completely complementary to Bridgepoint's larger mid market activity. We are excited about joining Bridgepoint which gives us the optimum opportunity to develop the business and to make investment selections from a broader European deal flow which will enhance the returns we can deliver."

**ENDS – note embargo**

**For further information:**

James Murray  
Bridgepoint  
Tel: +44 20 7432 3555 or (m) +44 7802 259761  
james.murray@bridgepoint.eu

Nick Denton  
Hogarth Partnership (for Hermes)  
Tel: +44 20 7357 9477

## **About Hermes**

Hermes is a multi boutique asset manager with a truly long-term and responsible approach to delivering investment returns. As a multi boutique we offer our clients the best combination of specialist investment teams and products along with a robust operating platform from which to run them.

Hermes offers investment solutions which range from alternative strategies such as fund of hedge funds, commodities and our engagement focus funds to real estate, private equity and specialist equity products. Hermes invests assets on behalf of 204\* clients across these product areas and has £27.5bn\* under management. Additionally, we help pension funds meet the highest standards of responsible long term ownership through our innovative Equity Ownership Service, which has over £50 billion\* of assets under stewardship.

Hermes is the advisor and principle investment manager for the BT Pension Scheme (BTPS) and BTPS is also the 100% owner of Hermes. This unique relationship gives us a long term parent whose requirement for investment excellence is perfectly aligned with that of all of our other clients and provides a privileged insight which informs our product development.

\* As at 31 December 2008

## **About Bridgepoint**

Bridgepoint is a European private equity firm focusing on the acquisition of companies valued between €200 million and €1 billion principally in the consumer, financial services, healthcare, media & technology, business services and industrials sectors.

In November 2008, it completed its most recent fundraising, Bridgepoint Europe IV, which closed in excess of €4.8 billion, ahead of its original target of €4 billion.