

## Private Equity The German Experience

Seminar paper from the year 2018 in the subject Business economics - Investment and Finance, grade: 1,3, University of applied sciences, Düsseldorf, language: English, abstract: This work focuses on the private equity (PE) investments within SMEs. Fundamentals of private equity investments are reviewed in the second chapter. This includes definition and product categories of private equity and how PE business is organized as well as the history of PE market in Germany. The third chapter analyses the process of the PE deals including the different phases as well as the exit strategies. The last chapter critically analyse the PE deals from the point of view of the investor and the targeted company before closing with the outlook and conclusion. In the last decades, the private equity market in Germany has witnessed waves of rise and fall. But it surpassed, by the end of 2017, all the records of German PE history. According to Deutsche Beteiligungs (DBAG), the amount of transactions in the mid-sized businesses in the German market dramatically increased and hit €4.4 billion in 2017 which was the highest during the last 15 years. But in contrast, the competition in the German market has been recently high with a steady number of companies which led to high prices and overvalued companies. PE firms target the mid-sized businesses since they are more likely to accept financial investors than bank loans or credit lines. However, this problem can now be countered with the help of PE in the context of alternative corporate financing. It should be noted that PE business has been a concern of German politics and businesses since the 1960s where the financial system was basically based on banks which is not appropriate for the development of PE industry. The government intervention was the base to build a stronger PE industry away from bank-based financial systems. Recently, the stock market segment was a key driver for the dynamic development of PE market. The price falls and the collapse of the overheated and overvalued companies were also clearly felt in the PE segment and generated a great deal over scepticism on the capital markets.

This book discusses the influence of technological and institutional change on development and growth, the impact on innovation of labor markets, the spatial distribution of innovation dynamics, and the meaning of knowledge generation and knowledge diffusion processes for development policies. The individual articles demonstrate the powerful possibilities that emerge from the toolkit of evolutionary and Schumpeterian economics. The book shows that evolutionary economics can be applied to the multi-facetted phenomena of economic development, and that a strong orientation on knowledge and innovation is key to development, especially in less developed and emerging economies.

Other books present corporate finance approaches to the venture capital and private equity industry, but many key decisions require an understanding of the ways that law and economics work together. This revised and updated 2e offers broad perspectives and principles not found in other course books, enabling readers to deduce the economic implications of specific contract terms. This approach avoids the common pitfalls of implying that contractual terms apply equally to firms in any industry anywhere in the world. In the 2e, datasets from over 40 countries are used to analyze and consider limited partnership contracts, compensation agreements, and differences in the structure of limited partnership venture capital funds, corporate venture capital funds, and government venture capital funds. There is also an in-depth study of contracts between different types of venture capital funds and entrepreneurial firms, including security design, and detailed cash flow, control and veto rights. The implications of such contracts for value-added effort and for performance are examined with reference to data from an international perspective. With seven new or completely revised chapters covering a range of topics from Fund Size and Diseconomies of Scale to Fundraising and Regulation, this new edition will be essential for financial and legal students and researchers considering international venture capital and private equity. An analysis of the structure and governance features of venture capital contracts In-depth study of contracts between different types of venture capital funds and entrepreneurial firms Presents international datasets from over 40 countries around the world Additional references on a companion website Contains sample contracts, including limited partnership agreements, term sheets, shareholder agreements, and subscription agreements

Arnd Plagge evaluates public policy for venture capital in the USA and Germany and presents a comprehensive study of the American and the German market for venture capital. He shows that current German public policies aimed at fostering venture capital activity are severely flawed and that only a reversal of priorities, away from supply-side policies towards a demand-oriented stance, will yield real payoffs.

Introduction to Private Equity is a critical yet grounded guide to the private equity industry. Far more than just another introductory guide, the book blends academic rigour with practical experience to provide a critical perspective of the industry from a professional who has worked at many levels within the industry, including insurance, funds of funds, funds and portfolio companies. The book looks at private equity from the point of view of the individual or the business. How is a private business valued? How is the acquisition transaction processed? What are the due diligence issues that should be considered before moving ahead? A valuable insight to a rather opaque market. Introduction to Private Equity covers the private equity industry as a whole, highlighting its historical development in order to put its recent development into perspective. The book covers its organization, governance and function, then details the various segments within the industry, including LBO, Venture Capital, Mezzanine Financing, Growth Capital and beyond. Finally, it offers a framework to anticipate and understand its future developments. It provides a balanced perspective on the current corporate governance challenges which are affecting the industry and draws perspective to understand the evolution of the sector, following one of its major crises.

During the 1930s and 1940s, and again in the 1970s and 1980s, most European nations, indeed most industrial nations, undertook major changes in macroeconomic policy orientation and financial regulation. The contributors to this volume, historians, political scientists, and economists, identify the forces which drove these major policy shifts, and explore their implications for other areas of economic and social policy.

Venture capital (VC) refers to investments provided to early-stage, innovative, and high growth start-up companies. A common characteristic of all venture capital investments is that investee companies do not have cash flows to pay interest on debt or dividends on equity. Rather, investments are made with a view towards capital gain on exit. The most sought after exit routes are an initial public offering (IPO), where a company lists on a stock exchange for the first time, and an acquisition exit (trade sale), where the company is sold in entirety to another company. However, VCs often exit their investments by secondary sales, wherein the entrepreneur retains his or her share but the VC sells to another company or investor buybacks, where the entrepreneur repurchases the VC's interest and write-offs (liquidations). The Oxford Handbook of Venture Capital provides a comprehensive

picture of all the issues dealing with the structure, governance, and performance of venture capital from a global perspective. The handbook comprises contributions from 55 authors currently based in 12 different countries.

This study evaluates the value generation potential of private equity for German mid-cap companies. A discussion of the private equity industry and the analysis of the value generation levers serve as a basis to further explore private equity value generation in the German market. First, the special features of German mid-cap companies are examined with a special focus on their financing needs. Second, the German private equity market is introduced and its differentiating features are revealed. The comparison of the findings assesses the general suitability of private equity as a financing option for German mid-cap companies and suggests that many mid-cap companies are not (yet) suited for private equity investments. Finally, the applicability of the identified value generation levers on the German mid-cap segment is analyzed with the help of a conceptual framework in order to evaluate the value generation potential. The results show that the traditional value generation levers are applicable but have to be adjusted with respect to national differences.

Private equity associations have to specifically address the strong social considerations in the German business culture and the traditional unity of management, ownership, and supervision in the mid-cap segment in order to realize high rates of return. Anecdotal and recent empirical evidence indicates the relevance of many theoretical conclusions.

By analyzing venture capital industries, this book substantially adds to the understanding of Europe's venture capital industries. It discusses the microeconomics of fund raising, investment and exiting behaviour of venture capital companies and relates the microeconomics of venture capital finance to the industry features in European countries. For the first time Ruegamer presents a typology of the new financial players who became dominant since the deregulation and the last financial crisis. Large capital organizers, private equity funds, hedgefunds, venture capital investors and private investment banks became much more influential as the traditional banks. These new financial players organize worldwide selling, buying and restructuring banks, companies and public enterprises. They exercise no responsibility against the national economic situation. Influencing governments and international financial institutions they lower the labour incomes and increase the part of private gains, also by using financial havens. They act in collaboration with law firms, rating and PR agencies, management consultants, chartered accountants and central banks. Ruegamer outlines the relations between the European Union and the USA concerning transatlantic capital, military and secret service interlocking and the open also as the latent conflicts. The book shows also the other way of capitalism under state directory in the People's Republic of China: How the imported capitalism from the USA, Japan, Taiwan and western Europe is in the process of transformation. So the incomes of all classes and also especially the labour incomes are continually rising. China is shown with his alternative way of globalisation which is not accompanied by military expansion. Finally the book asks about the way of the human society if it follows the international law of the UNO and the human rights including social and labour rights.

Financial capital, whether mediated through the financial market or Foreign Direct Investment has been a key factor in European economic growth. This book examines the interaction between European and global financial integration and analyses the dynamics of the monetary sector and the real economy in Europe. The key analytical focus is on the theoretical and empirical dynamics of financial markets in Europe, however, it also provides regional case studies of key institutional developments and lessons from foreign direct investment. There is a broad range of findings for Central, Eastern and Western Europe as well as EU Partner Countries. Crucially the analysis includes new approaches and options for solving the transatlantic banking crisis and suggests policy innovations for a world with unstable financial markets.

Explores the idea that Europe's growth problems may be caused by weaknesses in capital markets and in the access to risk capital. It addresses the evaluation of the financial needs and constraints of start-up firms and how these might be bridged. The role of public sector intervention is analyzed, focusing on international best practices.

Within the frame of a case study and questionnaire-based research, Nils Hoffmann investigates the key characteristics of buy and build strategies affected by private equity investors in Germany between 1998 and 2003. The author analyzes which value drivers and management strategies financial sponsors use to generate the return targeted. Furthermore, the research presented provides evidence concerning key success factors of the most profitable buy and build strategies.

Private equity firms are snapping up brand-name companies and assembling portfolios that make them immense global conglomerates. They're often able to maximize investor value far more successfully than traditional public companies. How do PE firms become such powerhouses? Learn how, in *Lessons from Private Equity Any Company Can Use*. Bain chairman Orit Gadiesh and partner Hugh MacArthur use the concise, actionable format of a memo to lay out the five disciplines that PE firms use to attain their edge:

- Invest with a thesis using a specific, appropriate 3-5-year goal
- Create a blueprint for change--a road map for initiatives that will generate the most value for your company within that time frame
- Measure only what matters--such as cash, key market intelligence, and critical operating data
- Hire, motivate, and retain hungry managers--people who think like owners
- Make equity sweat--by making cash scarce, and forcing managers to redeploy underperforming capital in productive directions

This is the PE formulate for unleashing a company's true potential.

Private EquityThe German ExperienceSpringer

A step-by-step guide to develop a flexible comprehensive operational due diligence program for private equity and real estate funds Addressing the unique aspects and challenges associated with performing operational due diligence review of both private equity and real estate asset classes, this essential guide provides readers with the tools to develop a flexible comprehensive operational due diligence program for private equity and real estate. It includes techniques for analyzing fund legal documents and financial statements, as well as methods for evaluating operational risks concerning valuation methodologies, pricing documentation and illiquidity concerns. Covers topics including fund legal documents and financial statement analysis techniques

Includes case studies in operational fraud Companion website includes sample checklists, templates, spreadsheets, and links to laws and regulations referenced in the book Equips investors with the tools to evaluate liquidity, valuation, and documentation Also by Jason Scharfman: Hedge Fund Operational Due Diligence: Understanding the Risks Filled with case studies, this book is required reading for private equity and real estate investors, as well as fund managers and service providers, for performing due diligence on the noninvestment risks associated with private equity and real estate funds.

Top economists provide a concise and accessible evaluation of major developments in trade and trade policy. Economic Policy has earned a reputation around the world as the one publication that always identifies current and emerging policy topics early Papers are specially commissioned from first-class economists and experts in the policy field The editors are all based at top European economic institutions and each paper is discussed by a panel of distinguished economists This unique approach guarantees incisive debate and alternative interpretations of the evidence

A Vision for Venture Capital chronicles a distinguished career on the frontiers of international finance during the past half-century. Peter Brooke has been called "the Johnny Appleseed of venture capital" for his role in the industry's spectacular growth-- from a small base in the Northeastern United States in the 1960s, to today's highly visible role in economies all over the world. The key to Brooke's success--and his lasting legacy--is his vision for the industry as an essential element of economic growth and development. At a time when some believe that venture capital's best days are behind it, and private equity has come under harsh criticism in the United States and elsewhere, A Vision for Venture Capital offers a fresh look at why the industry exists and how it can fulfill its potential in the twenty-first century.

This book is intended to show ways to successful cooperation. Going beyond M&A, it demonstrates how economical ties and personal behaviour can positively influence our international relations. The value to M&A professionals will be generated through better understanding the views from the other side of the Atlantic, through new M&A insights from other industries and from experts working in consulting and finance. Thus, it is also of high value to all those working on partnerships between the USA or Germany and any other country. The book deals with many different aspects, starting from overall strategies, and ending up with lessons learnt from the special cases. Reflecting behavioural, economic or legal aspects, there are articles showing one side only to work out country or industry specifics and others comparing the nationally different systems and surroundings.

This tells the story of the development of the private equity industry in Germany. It is the first comprehensive history of the private equity industry for any country, revealing the vicissitudes of private equity investing, warts and all. It is an engaging chronicle for anyone interested in the industry or the modern German economy.

Private equity minority investments have become an increasingly attractive financing alternative for family firms. However, admitting a private equity investor as a minority shareholder seems to contradict with the objective of the owner family to preserve their continuous and unlimited influence on the businesses since they must at least partially cede control over the firm to the private equity investor. Therefore, the purpose of this book is to identify the primary decision drivers for family firm entrepreneurs in seeking private equity financing despite the therein related partial loss of control. By giving special consideration to the potential cooperation mechanisms between the shareholders, this book goes beyond the scope of previous studies. Cooperation is thereby considered as a prerequisite for the success of minority investments because due to its minority position, the private equity investor is not able to implement its value creation strategy against the will of the family firm entrepreneur.

A retired Wall Street executive traces the evolution of the global stock market and its effect on the international economy.

Preface 1. A Quantitative Comparison of Socio-Economic Conditions in North and South Korea : Implications for a Prospective Reunification - Nicholas Eberstadt 2. Economic Policy During and After Reunification in Korea - Sung-Hee Jwa and Chan Guk Huh 3. Economic Institution Building - Joachim Ragnitz 4. Korean Unification and the Privatization of North Korean Economy - Kun-Young Yun 5. Constructing a Social Safety Net for Korean Unification - Sung-Yeal Koo 6. Improving Business Environment - Udo Ludwig 7. The Cost and Financing of Korea Unification - Young-Sun Lee

Recently, the international division of labour in industrial production has grown increasingly more volatile. The separation between 'high-end' tasks undertaken in the traditional core economies and 'low-end' tasks undertaken in newly emerging economies has become increasingly blurred. The new dynamics and unpredictability of actor and process configurations in internationalized production bring new challenges for research in economic geography, regional economics and management sciences. The allocation of R&D and production mandates within or between enterprises, the setting up, closing down, purchase or sale of subsidiaries at different localities, the shifting patterns of collaborative innovation, together with newly evolving forms of capitalism, all appear to interact in ways not seen before. It appears we have entered a new era termed 'industrial transition'. This book forms the first approach toward conceptualising the term and compiling illustrative empirical underpinnings. Contributions by an international set of renowned economic geographers highlight the major features and case studies of 'industrial transition' and address various questions that matter for the future of our global economy: How are regions and localities affected by the shift of product mandates? In which ways do changes differ between industrial sectors and economic regions? How can regions and localities adequately prepare for or react to foreseeable changes; and how can regional resilience and response capacities be built and enhanced?

Brings together contributors from different disciplinary backgrounds within the business field to employ various methodologies to study the phenomenon of entrepreneurship. Presenting empirical research on myriad entrepreneurship topics in Europe, this volume is intended for those who have a specific interest in entrepreneurship.

Als Rechtsanwender ist die Auflegung eines Private Equity-Fonds in Deutschland mit dem Risiko der Gewerblichkeit behaftet, was zu einem Standortnachteil im internationalen Vergleich führt. Dieser Nachteil wird durch die aktuell herrschende Rechtsunsicherheit bei der Abgrenzung der privaten Vermögensverwaltung von der Gewerblichkeit verstärkt. Aus diesem Grund ist das Ziel von Felix Ritter die Schaffung einer klaren gesetzlichen Lösung mit einer zwingenden Einordnung als vermögensverwaltend. Durch Rechtsvergleichung anderer Private Equity-Gesetze, vornehmlich aus Spanien und Frankreich, stellt der Autor Eckpfeiler eines deutschen Private Equity-Gesetzes auf. Des Weiteren weist er nach, inwieweit § 4 Nr. 8 h UStG als deutsche Umsetzungsvorschrift europarechtswidrig und daher anpassungspflichtig ist. Der Autor: Dr. Felix Ritter, LL.M., hat an der Humboldt-Universität zu Berlin studiert und promoviert, seinen Master of Laws in Madrid absolviert und ist aktuell Rechtsreferendar am Kammergericht Berlin.

Interest in and attention to entrepreneurship has exploded in recent years. Nevertheless, much of the research and scholarship in entrepreneurship has remained elusive to academics, policymakers and other researchers, in large part because the field is informed by a broad spectrum of disciplines, including management, finance, economics, policy, sociology, and psychology, often pursued in isolation from each other. Since its original publication in 2003, the Handbook of Entrepreneurship Research has served as the definitive resource in the field, bringing together contributions from leading scholars in these disciplines to present a holistic, multi-dimensional approach. This new edition, fully revised and updated, and including several new chapters, covers all of the primary topics in entrepreneurship, including

entrepreneurial behavior, risk and opportunity recognition, equity financing, business culture and strategy, innovation, and the impact of entrepreneurship on economic growth and development. Featuring an integrative introduction, extensive literature reviews and reference lists, the Handbook will continue to serve as a roadmap to the rapidly evolving and dynamic field of entrepreneurship.

This book focuses on the dialectics between spatio-organisational gaps and local contexts that characterise cross-border investments. "Interspatial" investments – be it mergers & acquisitions (M&A) or greenfield investments – are usually characterised by what is referred to as "otherness", i.e. organisational and cultural distances of the firms involved in relation to their regional contexts. At the same time, economic, political and socio-cultural linkages are decisive for attracting cross-border investments to regions and for providing firms with conditions supportive of their market success. As a consequence of being locked into complex structures of proximities, cross-border investments are situated in contested terrain. This terrain triggers learning processes in both regional actors and investors, which can result in the convergence of mindsets and organisational issues. This book is unique in that it combines interspace (defined as the distance between the new owner and the cross-border venture), place (the target region), interpretation (perception and understanding of the investment by the actors involved) and context (institutions, actor networks and interaction), thus offering better understanding of recent processes of globalisation. Crossing disciplinary boundaries by integrating economic geography and management studies, the volume adopts an innovative and spatially informed perspective on foreign direct investments (FDI). This perspective will be of great value to scholars, students and practitioners. The volume is inventive in its approach in that it offers fresh readings from interdisciplinary theoretical approaches and combines these with valuable empirical insights from developed as well as Emerging Economies.

Innovation networks are a major source for acquiring new information and knowledge and thus for supporting innovation processes. Despite the many theoretical and empirical contributions to the explanation of networks, many questions still remain open. For example: How can networks, if they do not emerge by their own, be initiated? How can fragmentation in innovation systems be overcome? And how can networking experience from market economies be transferred to the emerging economies of Central and Eastern Europe? By presenting a selection of papers which address innovation networking from theoretical and political viewpoints, the book aims at giving answers to these questions.

Discussing the complex history of Silicon Valley and other pioneering centres of venture capital, Lerner uncovers the extent of government influence in prompting growth. He examines the public strategies used to advance new ventures and reveals the common flaws undermining far too many programmes.

In this book, Christian Hürlimann examines valuation methods and their application in the context of managerial finance within renewable energy investments. Besides a review of classical finance models, the application of other contemporary techniques are discussed. Based on a mixed-methods approach, current practices in performing valuation are empirically analyzed among German and Swiss investors. The developed concepts provide practitioners tools to define equity value drivers, consider risk treatments and value investments along the two dimensions of value creation and value protection.?

Germany Business and Investment Opportunities Yearbook

Building on the success of the author's previous book *Beyond the J Curve: Managing a Portfolio of Venture Capital and Private Equity Funds*, this work covers new and additional material and offers advanced guidance on the practical questions faced by institutions when setting up and managing a successful private equity investment programme. Written from the practitioner's viewpoint, the book offers private equity and venture capital professionals an advanced guide that will make high return targets more realistic and sustainable. Factors that can sometimes cause institutions to shy away from venture capital are the industry's opaque track record, unclear valuations and risks, perceived lack of transparency as well as the significant entry barriers to overcome before tangible results show. These issues are all addressed in details with practical solutions to the problems. Among other topics *J-Curve Exposure* includes discussions of: Experiences with the adoption of the International Private Equity and Venture Capital Valuation Guidelines to address fair value under IFRS. Approaches for splitting and prioritizing distributions from private equity funds. Techniques for track record analysis and other tools to help limited partners in their due diligence. Approaches to dealing with uncertainty, the relevance of real options, and co-investments and side funds as advanced portfolio management techniques. Questions related to limited partner decision making fallacies and how to manage portfolios of VC funds. Securitization backed by portfolios of investments in private equity funds. Real life case studies illustrate the issues relevant for the practitioner.

Inhaltsangabe: Introduction: In today's modern economy a country's or region's competitiveness lies in its capability to innovate. Whilst earlier old and established companies were reliable producers of innovation as well as jobs, that is changing. The big corporations are outsourcing and downsizing, and the new technologies are emerging from companies that did not exist 20 years ago. This quotation taken from the Handbook of Research on Venture Capital points out the increasing relevance of the Schumpeterian growth regime of today's advanced economies which means that growth and wealth is unlikely to be maximized if most new business developments are carried out by old long-existing corporations. While in Europe only few global champions have been created in the past 50 years the United States economy seems to be capable of continuously creating great, leading-edge companies. Why is Europe lagging behind in enabling new ventures to become global champions? Why are successful high growth companies like Amazon, AMD, AOL, Apple, Cisco Systems, eBay, Genentech, Intel, Microsoft, Oracle, Sun Microsystems, Yahoo and recently Google all US based corporations and not of European or Japanese origin? One reason is seen in the outstanding capability of the US economy to put innovative business ideas from individuals, universities and other research institutions into practice and thus create with the help of a well developed venture capital industry new global champions. A strong and sophisticated VC industry is widely recognised for providing a major contribution to turn innovation into (internationally) successful high-growth corporations and therewith foster economic growth. Taking Germany as the largest economy in Europe this thesis will try to work out the main differences of the VC market in Germany - which is still considered as lagging behind - and its correspondent in the United States. While most of the previous comparative studies focus on single aspects of the VC market and the VC investment process this work will try to provide a brief but comprehensive empirical analysis of the entire venture capital investment process (from fundraising to exiting investments). As business in general and the venture capital industry in particular is considered to be increasingly influenced by socio-economic and cultural factors this thesis draws special attention to differences related to the influence of culture on both VC markets. Hence it will be [...]

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