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Harbert eyes first close this month for Euro growth debt fund

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The European arm of US alternatives manager Harbert Management Corporation (HMC) is looking to hold a first close later this month for its maiden growth debt fund, sources close to the process revealed.
Harbert European Growth Capital Fund has a €200 million target. The fund will invest in small to medium-sized high-growth technology companies in Western and Northern Europe, the firm said in a statement.
The first close, likely to be on between €30 million and €40 million, includes 'friends and family' investors as well as HMC's cornerstone commitment of €25 million. That includes contributions from the firm's 17 partners, a source said. The strong alignment of interests between the firm's own staff and investors is a key element of Harbert's strategy, the source added.
The fund will be managed by senior managing directors Johan Kampe and David Bateman, two experienced executives with more than a decade-long track record in the industry. Most recently, they had been working together under the company name Benefide to transact on a deal-by-deal basis. Prior to that, they worked for ETV Capital.
Harbert European Fund Advisors senior managing director Michael Larsen explained to *Private Debt Investor* how the firm had come to partner with the pair: "An opportunity has really opened up with the banks not coming back any time soon – if at all – in the wake of the credit crisis. We were introduced to Johan and David last year. What they were doing at ETV and then on their own was exactly what we envisioned for the European market."
The fund is structured to be as LP-friendly as possible, Larsen said. Loans will have relatively short terms of between 18 and 36 months, at low loan-to-value ratios, with a 7 percent annualised cash pay out on a quarterly basis and generous warrant coverage. The investment period is limited to four years.
In a statement earlier this year announcing the launch of the fund, HMC chief operating officer Mike Luce commented: "Opportunities to deploy capital are abundant, reflecting the challenging credit marketing conditions growth companies in Europe are facing today. MC believes the launch of HEGCF and its direct lending model is timely. Investors are searching for current yield combined with equity upside should find investments in the fund to be a compelling proposition."
HMC manages a suite of debt funds, including US mezzanine vehicles.