

CLSA closes third Japan fund at \$400m hard cap

CLSA Capital Partners (CLSA CP) has become the seventh private equity firm to close a Japanese mid-market fund since the start of the year, hitting the hard cap of \$400 million for its third vehicle

The fundraising process took approximately seven months and the fund was significantly oversubscribed, with new investors accounting for 75% of the corpus. LPs include endowments, foundations, pension funds, financial institutions, fund-of-funds and family offices from Japan and international markets.

AVCJ understands that CLSA's investor base has historically been dominated by offshore groups. The private equity firm closed its previous fund – Sunrise Capital II – in 2014 on \$210 million, having raised \$350 million for Fund I in 2006.

“We are very pleased with the overwhelming interest in Sunrise Capital from many prominent investors – the demand for Sunrise III far exceeded the firm's hard cap,” said Megumi Kiyozuka, a managing director with the firm. “We believe that \$400 million is the right size for us, given our value-added approach to control investing in Japan's lower mid-market. We look forward to delivering excellent returns for Sunrise III on behalf of all our investors.”

The Sunrise funds primarily target leveraged buyouts of companies with enterprise valuations of JPY5-15 billion (\$44-133 million). They invest across sectors such as consumer products, healthcare, retail, logistics and manufacturing, leveraging the resources of CLSA's global network. CLSA CP, the



brokerage's alternatives arm, has more than \$3.5 billion under management and a presence in Hong Kong, Singapore and Tokyo.

Recent Japan investments include BC Ings, which operates 68 cram schools at the elementary, junior high and high school levels, and business process outsourcing company Outsourcing Investments (OSI). There have also been exits from used car auction operator Mirive and BayCurrent Consulting, through a trade sale and an IPO, respectively.

CITIC Capital was the first GP to close a Japan mid-market fund this year, raising \$268 million for its third vehicle. A spate of activity in April – it marks the start of Japan's financial year, reflecting the desire of some domestic LPs to push allocations into the next 12-month period – was led by Tokio Marine Capital, which closed its fifth fund at JPY51.7 billion, and Integral Group, which completed fundraising for its third vehicle with JPY73 billion in commitments.

In the past fortnight, although all the final closes happened before the end of April, J-Star announced it had raised \$32.5 billion for its third fund, Advantage Partners closed its fifth vehicle on JPY60 billion, and Polaris Capital Group hit the hard cap of JPY75 billion for its fourth Japan fund.

Monument Group served as placement agent for Sunrise Capital III, which closed on April 28.