

July 2005

GREENPARK CAPITAL: FUND STRUCTURES

When Greenpark Capital, a private equity secondaries investor with funds of more than \$700m (€545m), closed its first vehicle in 2002 on \$200m (€156m), it had already decided to outsource the fund administration to Guernsey- based Mourant.

“We had considerable previous experience of an offshore fund structure using a Guernsey administrator”, says Andrew French, who founded Greenpark capital with Marleen Groen and Joanna Jordan in 2000. “Resources were limited and outsourcing the administration of the funds provided increased flexibility. Using a third party to handle admin allows the establishment of efficient ‘check and balance’ controls in relation to accounting and administrative matters.”

Greenpark fund admin is affected by two factors – the general nature of fund of funds admin and the specific features of Greenpark’s fund structures. Fund of funds admin generates more cashflow events than a primary private equity fund because of its higher levels of calls and distributions for the funds that form the investment portfolio. There are special purpose vehicles (SPV’s) to hold underlying investments and there is the need to establish valuations and collate information on underlying funds to satisfy the accounting and audit process.

Greenpark fund structures have included parallel partnerships set up for German investors with the use of an interposed blocker partnership for German tax reasons. They may also use an alternative investment vehicle structure to assist with optimal tax treatment for US investors. SPVs are used to hold interests in certain portfolios identified as suitable for leverage.

Mourant provides Greenpark with a dedicated accounting, book-keeping and administration team, as well as treasury function knowledge. It has introduced individuals to sit on Greenpark’s Guernsey board. In addition, Mourant provides specialised accounting, whereby reporting of funds is shown on a “look through” basis to provide investors with a better understanding of the concept.

French says the major benefits of outsourcing fund admin include flexibility. He also cites the value of working with professional fund administrators. “In banking, technical knowledge and strong relationships are beneficial given the timescales secondaries funds operate within and the worldwide nature of our investors,” he says.