

PE Firm Steps Into Lending

Stockholm (HedgeNordic) – Copenhagen-based private equity firm Polaris is now becoming a lender through the launch of Polaris Flexible Capital. Established with its own investment team, independent investment committee and Investment Advisory Board, Polaris Flexible Capital will make investments in subordinated loan capital such as junior capital and minority shareholdings of Nordic medium-sized companies.

According to a press release, “the expansion enables Polaris to build unique investment competencies across the capital structure, and as a new financial partner in the market, Polaris Flexible Capital is able to assist companies with bespoke financial solutions that fit the desired ownership and capital structure.” Polaris expects to raise DKK 1 billion for Polaris Flexible Capital, which will support Nordic medium-sized companies with flexible capital for growth, investments, ownership changes and optimization of capital structure. “The addition widens Polaris’ reach and sharpens the offering to medium-sized companies looking for capital,” according to the press release.

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“We are pleased to introduce an attractive new investment opportunity in the Polaris universe and have received great backing from our existing investors,” says Jan Johan Kühl, Managing Partner of Polaris. “We are looking forward to the cooperation with Polaris Flexible Capital’s strong team, whom we have known and respected for many years,” he continues. “With this widening of our strategic perspective, we are creating a unique position and knowledge about both traditional private equity and flexible capital, which contributes to making Polaris an even more relevant partner for companies looking for capital.”

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“Demand for flexible capital is on the rise, and we have already received a lot of positive feedback and capital commitments from investors looking for investments with attractive risk-adjusted returns,” says newly appointed head Jesper Langmack (*pictured*), the former CIO of equities and alternatives at Danica Pension. “We are therefore looking forward to becoming part of Polaris, which for more than 20 years has created good results and built a strong infrastructure and close partnerships with a series of exciting and ambitious companies in the Nordics,” he adds. “We will draw on our mutual network, competencies and resources, but apart from that Polaris Flexible Capital will be operated as an independent unit, which is able to do business with companies, financial institutions and other private equity funds.”

Polaris Flexible Capital will typically seek to invest between DKK 20 and 200 million across companies’ capital structure, focusing on junior debt tailored to the specific company as well as

minority shareholdings. Kent Brovn Arp, Chief Investment Director at Danica Pension between April 2019 and September 2020 and Investment Director at PensionDanmark from October 2015 to April 2019, has been appointed Partner of Polaris Flexible Capital. The investment team at Polaris Flexible Capital is expected to be expanded with another partner and 2-3 employees within the next six to 12 months, and its newly-established Investment Advisory Board will be expanded with additional external members.

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“Polaris Flexible Capital provides a unique opportunity for us to assist well-performing Nordic companies with the development of their business and simultaneously offer a unique and attractive alternative to investors focused on ensuring good long-term returns in an environment where returns on traditional publicly traded assets are at a historic low level,” comments Peter Høltermand, Chairman of the Investment Advisory Board of Polaris Flexible Capital. “We are looking forward to the dialogue with companies and investors in the coming period and look forward to getting to work.”