

# The Deal Pipeline

## **Paine & Partners garners \$893M for its fourth fund**

**By Armie Margaret Lee**

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Paine & Partners LLC, a private equity firm focusing on the food and agribusiness sector, said Tuesday it has raised \$893 million for its fourth fund. The total exceeded its initial target of \$800 million.

The New York firm launched the fundraising process in the spring. The fund had its first closing on July 8 and its final closing on Dec. 18. Paine said its investor base has expanded to regions such as the Middle East.

"One of the reasons agribusiness globally is so attractive is demand for agricultural products is increasing, driven by factors such as population growth and dietary change toward more consumption of protein," said Kevin Schwartz, president and founding partner of Paine & Partners, in a telephone interview.

Paine will continue to focus on the upstream sectors of the agribusiness value chain, including companies involved with irrigation, distribution of agricultural products, precision agriculture and animal nutrition, said Schwartz. The firm will likewise target downstream opportunities based around health and wellness in developed countries.

Schwartz noted that the overall backdrop for private equity is a high valuation environment. "That's really where it's so important to be a specialist firm," he said.

"We have a thesis-driven approach that relies on a lot of research and expertise in food and agribusiness developed over 20 years," said Schwartz. "It allows us to do proprietary deals and allows us to have strategies to build companies."

On average, he said, Paine does four add-on acquisitions for every portfolio company. It invests about 50% of its equity capital in companies it owns.

"We avoid auction deals because it's not a great way to get to know a business well and develop the right strategy," Schwartz said.

Paine, including its predecessor, has invested more than \$1 billion in the food and agribusiness sector in the last decade.

The firm transitioned to focusing solely on that sector in the last four to five years.

Probitas Funds Group LLC's Craig Marmer served as placement agent for the fundraising. Wachtell, Lipton, Rosen & Katz was Paine's legal counsel.