

Private Equity Portuguese Market Annual Report 2023

(Informe anual del mercado portugués de private equity en 2023)

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Summary: 1. Introduction and note on methodology. 2. Brief history of the Portuguese private equity market. 3. Key statistics. A. Private equity within the broader asset management industry. B. Assets under management. C. Number of managers and funds. D. Most common strategies. E. Biggest players by market share. F. Types and number of investors. 4. Investment programs that encouraged the Portuguese Market: “Programa Consolidar” and “Programa Venture Capital”, “SIFIDE” and “Golden Visa”. A. Programa Consolidar. B. Programa Venture Capital. C. SIFIDE. D. Golden Visa. 5. Spotlight on legislative developments in 2023: the Asset Management Regime (Regime da Gestão de Ativos). A. Permitted activities. B. Simplification of authorization procedures for private equity companies to be able to commence their activities. C. Simplification of procedures for establishing private equity funds. D. Rules for the replacement of alternative investment funds managers, including private equity investment vehicles. E. Elimination of the “private equity investor” structure. F. Default holding period for private equity investments. G. Minimum investment amount for alternative investment funds. H. Elimination of the limit for investment in listed securities. I. Simplified rules for private equity funds with a minimum subscription amount of € 100,000 (instead of € 500,000). J. Bond issues. K. Depositary. L. Key takeaways. 6. Transactional data and highlights. A. Selected transactions. 7. Final Considerations.

Abstract: *The private equity industry is a complex and dynamic reality which involves the interplay of various players and stakeholders, and which repercussions in the market for corporate control carry an ever-increasing socio-economic significance. To try to grasp the complexities of this environment, one will need to take a look at its many dimensions, from the political, to the economical, without ignoring its ever-prevalent legal and regulatory facets.*

In the first annual report covering the Portuguese private equity market, key statistics on the status and evolution of the market are presented, as well as a description of the main domestic publicly funded programs which help support investment in the sector. In addition, a spotlight is shone in the new asset management legislation, which has effectively transformed the private equity regulatory landscape. Lastly, a brief description of key transactions involving private equity players in 2023 (national and international) is provided.

Key words: *Private Equity, Portugal, Investment Data, Private Equity Fundraising, Portuguese Securities Market*

Resumen: *La industria del private equity, es una realidad compleja y dinámica que implica la interacción de actores diversos y otras partes relacionadas, cuya actividad repercute en el mercado del control corporativo y comporta una creciente importancia socioeconómica. Para intentar aprehender las complejidades de este entorno, es preciso observar sus diferentes dimensiones, tanto políticas como económicas, sin olvidar las siempre relevantes facetas legales y regulatorias.*

En este primer informe anual sobre el mercado portugués de private equity, se presentan estadísticas clave acerca de su situación y evolución, así como una descripción de los principales programas nacionales financiados por el sector público, que contribuyen al sostenimiento de la inversión en el sector. Adicionalmente, se presta una especial atención a la nueva regulación sobre gestión de activos que, efectivamente, ha transformado el panorama regulatorio del private equity. Por último, se facilita una breve descripción de las operaciones más relevantes realizadas en 2023, en las que ha estado implicado algún operador de private equity (nacional o internacional).

Palabras clave: *Capital Privado, Portugal, Inversiones y datos, Private Equity Fundraising, Mercado de Valores portugués.*

1. Introduction and note on methodology

This Portuguese market annual report on private equity, 2023 (the “**Report**”) aims to provide readers with a view on the main facts and statistics concerning the Portuguese private equity market as of year-end, 2023.

However, due to the relative lack of availability of public and reliable data on the private equity market, players, fundraising and transactions, most of the data used to construct this Report was extracted from the Portuguese Securities Market Commission (“**CMVM**”) reports – “*Relatório Anual sobre a Atividade de Capital de Risco*”. Such documents are issued on September of each year (referring to the preceding calendar year) and therefore the most up to date comprehensive statistics on private equity in Portugal date to 2022, with the notable exceptions of (i) the Bank of Portugal’s report on investment in collective investment schemes; and (ii) CMVM’s “securities market report”, published on July of each year (also referring to the calendar year before), both providing some insights concerning private equity.

Apart from CMVM and to our knowledge, no other organization, public or private, gathers comprehensive data which is made publicly available on private equity in Portugal (notably, we have no information of an industry-wide initiative to collect and publicly disseminate such data) and therefore any independent private equity report, in Portugal, which year of reference is 2023 and is not based on such publicly available data would be deprived of crucial statistics.

Furthermore, to add color to the Report, commentary will be added to numbers being presented, but in all instances such comments are not grounded in the statistical analysis of such numbers and their relationship to other variables; rather, they are based on market perceptions and anecdotal experience from the authors (as such and to be clear, no formal causation between the numbers presented and the conclusions drawn is being made).

2. Brief history of the Portuguese private equity market

Private equity legislation has been available since the 1980’s, but the industry only really got started in the early 2000’s with the first funds being incorporated with

clearly defined “growth” ⁽¹⁾ and/or “buyout” ⁽²⁾ strategies. The global financial crisis gave a further boost to the industry as many funds (dubbed “recovery funds”) were then incorporated to purchase non-performing loans from delinquent (corporate) borrowers, which were then converted into equity, therefore helping “alleviate” banks’ balance sheets. As we will see, turnaround or restructuring investment still represents a very significant part of assets under management despite the diversification of investment strategies which occurred since, probably given that many of such investments are still held in those “recovery funds” portfolios (which are only now finalizing their liquidation periods).

Following the emerging consensus that more equity funding would be a useful lever to promote economic growth in Portugal, there have been many public incentives for private equity investment which have started also in the aftermath of the financial and sovereign debt crises. We detail the most important ones in Section 3 below.

Throughout these developments, however, the Portuguese private equity industry has been relatively small in the asset management space, even in what concerns alternative investment strategies.

Even today, investment by collective investment schemes in real estate outpaces investment in non-public companies, the targets of private equity funds ⁽³⁾.

In any case, lately Portuguese private equity has been following the global trend as an increasingly popular investment strategy, due to high returns, diversification benefits and perceived benefits of active management strategies that aim to drive substantial value creation. The statistics shown below will help demonstrate this growing importance of the industry.

1 According to CMVM’s glossary in their periodic reports on private equity, “growth” means a “*type of investment, normally minority, in mature companies seeking capital for expansion or improvement of the operations of entry into new markets to accelerate growth of their business*”.

2 According to CMVM’s glossary in their periodic reports on private equity, “buy-out” means a “*financing used to acquire a company, which may be executed by resorting to borrowed capital to support the acquisition cost. Generally leads to the acquisition of a majority or control position in the target company.*”

3 Source: Bank of Portugal.

3. Key statistics

A. Private equity within the broader asset management industry

Although representing a small percentage of the asset management market, the Portuguese private equity sector experienced significant growth in 2023. This growth can be attributed to several relevant factors, which will be detailed throughout this text. Notably, this trend diverges from the broader European pattern, where the number of investments has markedly decreased due to rising interest rates.

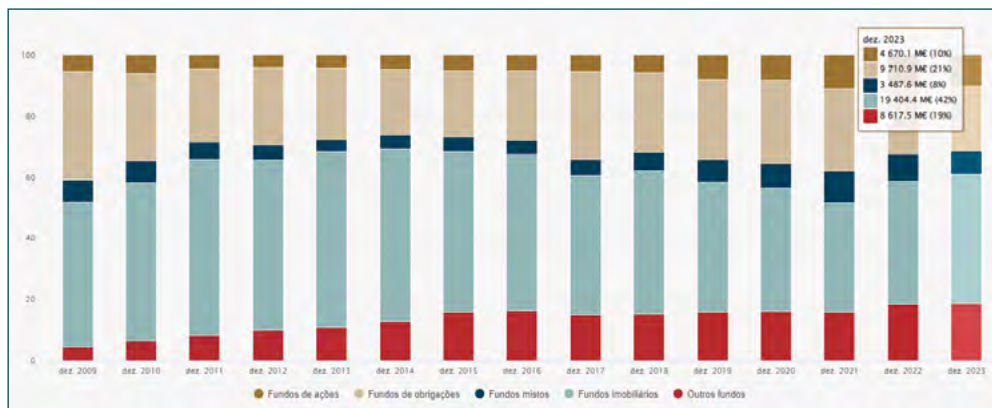
Nevertheless, Portugal's economy continues to exhibit a significantly lower integration of private equity within its GDP, with the sector representing a percentage of the GDP eighteen times less than the European average ⁽⁴⁾.

The statistics presented by Banco de Portugal specifically on investment funds in the Portuguese market in 2023 illustrate this growth, but also draw attention to the fact that private equity funds still represent a small part of the market. According to Banco de Portugal, the general overview of investment funds (which encompass UCITS, securities alternative investment funds, real estate funds and private equity funds) in the Portuguese market in 2023 was as follows ⁽⁵⁾:

- Investments in all investment funds increased by € 1.7 billion in 2023, mainly due to increases in value of the invested assets (i.e. and not due to net cash inflows);
- In December 2023, the total assets of investment funds totaled € 45.4 billion;
- “Real estate funds” (*fundos imobiliários*) represent 42% of total investment fund assets at the end of 2023, 2% more than at the end of 2022, and account for approximately € 16 billion of assets under management;
- At the end of 2023, “other funds” (*Outros fundos*) (which include private equity funds) represented 19% of total investment in funds;
- A long-term analysis shows that “bond funds” (*fundos de obrigações*) have been losing ground (in 2007, they accounted for 46% of the sector), while “other funds”

4 [Empresas: “Portugal devia apostar mais na indústria de capital de risco” - Portugal Amanhã \(sapo.pt\)](#)
5 [Fundos de investimento - nota de informação estatística de dezembro de 2023 | BPstat \(bportugal.pt\)](#)

(*outros fundos*) have been gaining pace (in 2007, they accounted for just 3% of the value invested), reflecting the growth of private equity funds (among others).



Source: Bank of Portugal

B. Assets under management

As anticipated, private equity has experienced considerable growth over the last few years. From 2015 to year end 2023, assets under management grew from circa € 4 billion to circa € 9 billion (more than double).

Below is the relevant statistic, rounded to the nearest 100 million (€):

Year	Total assets under management
2023	€ 9 billion
2022	€ 7.2 billion
2021	€ 6.1 billion
2020	€5.6 billion
2019	€ 5.1 billion
2018	€ 4.8 billion
2017	€ 4.8 billion
2016	€ 4.5 billion
2015	€ 4 billion

6 Source: CMVM (compilation by the authors). Earliest data available is 2015.

Some possible explanations for the trend shown in these numbers concern not only market wide factors such as nominal GDP growth, but also, in recent years, the growing importance of private equity as an alternative form to fund companies and projects and the success of the public programs designed to incentivize investment through private equity. Concretely, it is noticeable the great increase of assets under management between 2019 and 2023 (albeit still slower than the rates of growth seen in other advanced economies ⁽⁷⁾).

C. Number of managers and funds

Below is the number of private equity fund managers and private equity funds over the last years.

Year	Number of private equity fund managers ⁽⁸⁾	Number of private equity funds
2023	76	294
2022	71	247
2021	65	221
2020	56	166
2019	52	135
2018	48	117
2017	46	95
2016	35	85
2015	37	85

These numbers, coupled with the market shares figures presented below, show a private equity landscape which is still dispersed through a large number of small players, with few assets under management ⁽⁹⁾, dominated by four or five relatively big names. A possible explanation, besides the relatively small size of the Portuguese market, is that many private equity funds are especially designed as conduits for

7 For a US perspective, see [Global Private Markets Review 2024 | McKinsey](#), where assets under management have grown at a staggering annualized 20% rate since 2019.

8 Source: CMVM (compilation by the authors). Defined as the number of private equity companies which are authorized under Portuguese law to manage private equity funds (sociedades de capital de risco). Other regulated entities which under the law are authorized to manage private equity funds are not considered in this statistic.

9 It is interesting to see that while the number of private equity funds has more than tripled since 2015, assets under management have just doubled.

projects launched by a promoter, sponsor or cornerstone investor (v.g. family offices, corporate venture capital) and therefore are not meant to achieve significant scale, at least in the short to medium term.

D. Most common strategies

Below is the breakdown of the 3 most common investment strategies for private equity funds in Portugal over the 2015-2023 period ⁽¹⁰⁾:

Year	Investment Strategies
2023	- Seed, start-up and early stage (1 st) - Growth (2 nd) - Turnaround (3 rd)
2022	- Growth (1 st) - Seed, start-up and early stage (2 nd) - Turnaround (3 rd)
2021	- Growth (1 st) - Seed, start-up and early stage (2 nd) - Turnaround (3 rd)
2020	- Growth (1 st) - Turnaround (2 nd) - Management buy-out (3 rd).
2019	- Turnaround (1 st) - Growth (2 nd) - Management buy-out (3 rd)
2018	- Turnaround (1 st) - Growth (2 nd) - Management buy-out (3 rd)
2017	- Turnaround (1 st) - Growth (2 nd) - Seed, start-up and early stage (3 rd)
2016	- Turnaround (1 st) - Growth (2 nd) - Seed, start-up and early stage (3 rd)
2015	- Turnaround (1 st) - Growth (2 nd) - Seed, start-up and early stage (3 rd)

10 Source: CMVM.

For the first time since CMVM statistics have been published, “venture capital” (meaning investments in emerging companies, in the “anglo-saxon” sense of the expression) investing has been the primary focus of the private equity industry in Portugal, buoyed by a florescent start-up scene in Lisboa and Porto and also government programs such as (i) the “Venture Capital” tender, launched by BPF, and (ii) the *SIFIDE* program. The relative decline of growth investment in 2023 also aided venture capital investing to attain the top spot.

Also notable is the prevalence of turnaround transactions during the time series analyzed (first place until 2019). As mentioned above, this could be due to the importance (in terms of size) of recovery funds and the length of time they were incorporated for.

E. Biggest players by market share

Below are the main players in the Portuguese private equity landscape in 2022 (top 5) and their importance relative to year 2015 (¹¹):

Manager	Market share in 2022	Market share in 2015
Oxy Capital	12.67% (1 st)	20.3% (2 nd)
ECS Capital	10.65% (2 nd)	30% (1 st)
Explorer	6.44 (3 rd)	8% (3 rd)
Lynx	5.46% (4 th)	1.7% (8 th)
Iberis	5.43% (5 th)	-

The numbers show that concentration in the sector is now clearly less pronounced than it once was (with Oxy, ECS and Explorer decreasing their market shares, but still retaining the top spots) confirming the idea of a scattered market and small sized fund managers.

This market structure means that it is less likely to have players with the ability to attract large tickets from institutional investors, manage larger assets and produce economies of scale.

¹¹ Source: CMVM (compilation by the authors).

F. Types and number of investors

Below is the number of people who have been invested in private equity funds since 2017 ⁽¹²⁾ and, in what concerns the two last years reported, the breakdown between professional and non-professional investors ⁽¹³⁾:

Year	Number of investors	% residents in Portugal	% of non-professional investors
2022	10771	57%	77%
2021	7921	51%	70%
2020	3606	73.7%	-
2019	2033	77%	-
2018	1259	82.5%	-
2017	796	85.6%	-

Two trends are glaring: the large increase in the number of investors, on the one hand, and the reduction of the share of those investors who are Portuguese nationals.

The most evident possible explanation for these two trends is the success of the Portuguese golden visa program, which started in earnest for investment funds (meaning that non-EEA residents could obtain a residence visa by subscribing a certain minimum euro amount of participation units in funds) since 2018. More details on the program are given below.

4. Investment programs that encouraged the Portuguese Market: “Programa Consolidar” and “Programa Venture Capital”, “SIFIDE” and “Golden Visa”

The growth of private equity market registered in Portugal in 2023 was not a generalized trend seen in the rest of the world – according to Bain & Company

12 Source: CMVM (compilation by the authors), there is no reporting before such date on this specific topic.

13 Under Portuguese and European Union law, professional investors correspond to certain financial institutions which have some form of authorization to manage other peoples' money (banks, insurance companies, financial intermediaries), companies with sizeable balance sheets or individuals who, having assets and expertise in investing in financial instruments, opt to be qualified as professional investors (enabling them access to invest in certain instruments, with the downside of being afforded less mandatory information and less legal and regulatory protection).

statistics, value of global private equity transactions last year recorded the greatest fall since the financial crisis, with the industry highly pressured by rising interest rates, which in turn increases the cost of deploying funds and credit availability⁽¹⁴⁾.

Although Portugal did not follow this negative global trend, its private equity market faces significant challenges, notably in fundraising, due to:

- investors' lack of knowledge and distrust of the Portuguese private equity market;
- low liquidity, compared to the European average.

Despite the headwinds, growth of the Portuguese private equity market was supported by several public programs such as *Programa Consolidar*, *Programa Venture Capital*, *SIFIDE* and Golden Visa, that were able to increase the competitiveness and attractiveness of the private equity Portuguese market.

The ultimate objective with adopting these measures was to encourage investors, both national and foreign, to indirectly provide more capital to small and medium enterprises, which is often touted as an impediment for increasing productivity and, hence developing the Portuguese economy.

A. Programa Consolidar

“Programa Consolidar” was one of the measures responsible for the growth of the private equity market. It was launched out by Banco Português de Fomento, S.A. (“**BPF**”) and was intended to support the subscription of private equity funds for investment in SMEs and Mid Caps that were impacted by the COVID-19 pandemic but that still are economically viable and with recovery potential, by means of selecting through a public tender a group of private equity fund managers that shall set up funds with a minimum capital of € 40,000,000.00⁽¹⁵⁾. In each fund, FdCR – an equity and quasi-equity EU investment vehicle managed by BPF - shall invest between € 10,000,000.00. and € 50,000,000.00, and 30% of the fund’s capital shall be mandatorily subscribed by private investors⁽¹⁶⁾.

14 Source: <https://www.bain.com/pt-br/about/media-center/press-releases/south-america/2023/mercado-de-private-equity-apresenta-novas-perspectivas-para-2024-indica-bain/#>

15 This minimum capital may be observed only upon the term of the subscription period.

16 Source: BPF.

Under Programa Consolidar, the following amounts were contracted by certain selected fund managers:

Management Company	Investment by FdCR	Private Investment (Minimum)	Total Investment
3XP Global SCR,S.A	30 000 000.00 €	20 000 000.00 €	50 000 000.00 €
ActiveCap – Capital Partners – SCR, S.A.	30 977 000.00 €	21 750 000.00 €	52 727 000.00 €
Core Capital – SCR, S.A	50 000 000.00 €	24 250 000.00 €	74 250 000.00 €
Crest Capital Partners – SCR, S.A.	60 000 000.00 €	25 750 000.00 €	85 750 000.00 €
Fortitude Capital – SCR, S.A.	22 596 610.00 €	45 200 000.00 €	67 796 610.00 €
Growth Partners Capital – SCR, S.A.	49 035 438.93 €	34 329 809.17 €	83 365 248.10 €
HCapital Partners. SCR, S.A.	27 500 000.00 €	12 500 100.00 €	40 000 000.00 €
Horizon Equity Partners	49 000 000.00 €	21 000 000.00 €	70 000 000.00 €
Inter-Risco – SCR, S.A.	44 800 000.00 €	20 130 000.00 €	64 930 000.00 €
Oxy Capital – SGOIC, S.A.	24 893 000.00 €	16 595 000.00 €	41 488 000.00 €
Touro Capital Partners – SCR, S.A.	50 000 000.00 €	21 500 000.00 €	71 500 000.00 €
	438 802 048.93 €	263 004 809.17 €	701 806 858.10 €

In turn, the investments approved under the program are provided in the second table below:

Final beneficiaries	Management company	Investment by FdCR	Private Investment (Minimum)	Total Investment
Aquacria Piscícolas, S.A.	Crest Capital Partners – SCR, S.A	9,279,695.67€	3,982,536.06 €	13,262,231.73€
Safiestela - Sustainable Aqua Farming Investments, S.A	Crest Capital Partners – SCR, S.A	8,921,716.20€	828,903.20 €	12,750,619.40€
Aquacria Nazaré, Lda.	Crest Capital Partners – SCR, S.A	34,666.74€	14,877.81 €	49,544.55€
CAMPI&D, Lda.	Growth Partners Capital – SCR, S.A.	3,736,139.00€	2,615,678.41 €	6,351,817.41€
Carnes Campicarn, S.A	Growth Partners Capital – SCR, S.A.	29,410.00€	20,590.00 €	50,000.00€
ID Energy Group, S.A.	Growth Partners Capital – SCR, S.A.	0.00€	9,500.24.79 €	9,500,124.79€
S317 Consulting, Lda	Touro Capital Partners – SCR, S.A.	4,195,804.20€	1,804,195.80 €	6,000,000.00€

Final beneficiaries	Management company	Investment by FdCR	Private Investment (Minimum)	Total Investment
TTOPS, Lda	Fortitude Capital – SCR, S.A.	87,818.49€	177,606.51 €	265,425.00€
Sistemas Kern, S.A	Growth Partners Capital – SCR, S.A.	0.00€	7,735,618.50€	7,735,618.50€
PSHC - Gest, Lda..	Core Capital – SCR, S.A	4,713,805.38€	2,286,195.61€	7,000,000.99€
Dilectus - Residências Assistidas, S.A	Horizon Equity Partners	1,988,774.73€	852,332.03 €	2,841,106.76€
SmartMonkey Scalable Computing S.L	HCapital Partners. SCR, S.A.	0.00€	749,855.88 €	749,855.88€
Manuel de Castro e Filhos Lda (Palsystems)	Core Capital – SCR, S.A	4.713.806,06€	2,286,195.94 €	7,000,002.00€
Plenário Campestre S.A.	Crest Capital Partners - Sociedade de Capital de Risco, S.A.	3,778,425.66€	1,621,574.34 €	5,400,000.00€
Uhub Student Residences II, S.A.	Fortitude Capital – Sociedade de Capital de Risco, S.A.	1,323,439.63€	2,676,560.37 €	4,000,000.00€
The Oitavos, S.A	Fortitude Capital – Sociedade de Capital de Risco, S.A.	3,462,628.05 €	7,002,913.34€	10,465,541.39€

Until the end of 2025 it is expected that investments be made in SMEs and Mid-Caps in the total amount of € 500,000,000.00, a goal which at this stage has not yet been achieved.

With this incentive to inject capital in struggling but viable businesses, Programa Consolidar aims to promote the growth, expansion, and consolidation of business projects, as well as the development of new business areas and new products, by restructuring the respective business models and professionalising and strengthening the management of the investee companies ⁽¹⁷⁾.

B. Programa Venture Capital

Another program which is worth mentioning is the “**Programa Venture Capital**”, also launched by BPF, in 2023, to channel EU Covid recovery funds ⁽¹⁸⁾.

17 [Programa Consolidar - Banco Português de Fomento \(bpfomento.pt\)](https://www.bpfomento.pt)

18 [Programa de Venture Capital - Banco Português de Fomento \(bpfomento.pt\)](https://www.bpfomento.pt)

Programa Venture Capital was intended to support the subscription of private equity funds for investment in innovative SMEs and Mid-Caps (in phases, pre-seed, seed, start-up, Series A, B, C and scale-up) and with a focus on cutting edge and high-value added sectors such as life sciences, biotechnology, information technology, smart mobility, tourism, green economy, energy efficiency, social innovation or impact projects. Such funds must have a minimum capital of € 20,000,000.00 ⁽¹⁹⁾. In each fund, FdCR shall invest between € 10,000,000.00. and € 35,000,000.00, and 30% of the fund's capital shall be mandatorily subscribed by private investors.

The following entities were awarded with funds from this program:

Management Company	Investment by FdCR	Private Investment (Minimum)	Total Investment
3XP Global SCR,S.A	17 500 000,00 €	7 500 000,00 €	25 000 000,00 €
Alea Capital Partners SCR, S.A.	15 000 000,00 €	10 000 000,00 €	25 000 000,00 €
August One Capital SCR, S.A.	34 500 000,00 €	15 500 000,00 €	50 000 000,00 €
BIVEN Capital Partners SCR, S.A.	12 000 000,00 €	8 000 000,00 €	20 000 000,00 €
Core Capital SCR, S.A.	27 750 000,00 €	18 500 000,00 €	46 250 000,00 €
Crest Capital Partners SCR, S.A.	34 000 000,00 €	17 000 000,00 €	51 000 000,00 €
Draycott SCR, S.A.	35 000 000,00 €	15 000 000,00 €	50 000 000,00 €
IMGA SGOIC, S.A.	35 000 000,00 €	15 000 000,00 €	50 000 000,00 €
Indico Capital Partners SCR, S.A.	35 000 000,00 €	25 000 000,00 €	60 000 000,00 €
Insight Venture - SCR, S.A.	14 000 000,00 €	6 000 000,00 €	20 000 000,00 €
ISQ SCR, S.A.	14 000 000,00 €	6 000 000,00 €	20 000 000,00 €
Magnify Afterburner Capital Partners - SCR, S.A.	15 750 000,00 €	9 250 000,00 €	25 000 000,00 €
Oxy Capital SGOIC, S.A.	30 000 000,00 €	20 000 000,00 €	50 000 000,00 €
Portugal Capital Ventures SCR, S.A.	12 000 000,00 €	8 000 000,00 €	20 000 000,00 €
Vesalius Biocapital IV Partners SARL	10 000 000,00 €	10 000 000,00 €	20 000 000,00 €
Total	341 500 000,00 €	190 750 000,00 €	532 250 000,00 €

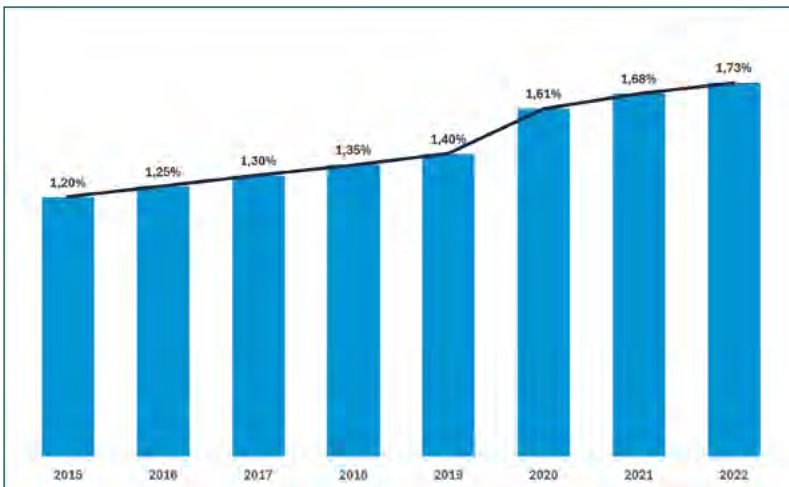
Due to delays in the drawing down of EU recovery funds, there are a few transactions that have already been approved under this scheme, but they all date from 2024 (along with 2025, these are the years the program is expected to have a greater impact in terms of capital deployment) and will therefore not be mentioned in this year's Report.

¹⁹ This minimum capital may be observed only upon the term of the subscription period.

C. SIFIDE

Another support program that has largely driven the Portuguese private equity market is SIFIDE – *Sistema de Incentivos Fiscais à Investigação e Desenvolvimento Empresarial* (“**SIFIDE**”). SIFIDE is a tax incentive created in 1997 to stimulate the competitiveness of companies by encouraging investment in Research and Development, that was later replaced by SIFIDE II. Recently, the Law no. 2/2020 from March 31, extended the term of SIFIDE II maintaining it in force until the 2025 tax period. SIFIDE II allows a percentage of Research & Development expenses to be deducted from corporate income tax (IRC), for the part not subsidised by the State or European funds ⁽²⁰⁾.

The aim of the SIFIDE is to increase investments in Research and Development (R&D), as the Portuguese economy currently exhibits a deficit in R&D investment when compared to the European average. The Portuguese Government has set a target whereby investments in Research and Development (R&D) are projected to constitute 3% of the Gross Domestic Product (GDP) by the year 2030 ⁽²¹⁾:



Source: Government of Portugal

20 [Submeter a candidatura ao Sistema de Incentivos Fiscais à I&D Empresarial \(SIFIDE\) - ePortugal.gov.pt](https://ePortugal.gov.pt/ficheiro.aspx)
21 [ficheiro.aspx \(portugal.gov.pt\)](https://portugal.gov.pt)

The relevance of *SIFIDE* to private equity funds is particularly notable since 2017. According to paragraph f) of no. 1 of Article 37 of Law-Decree 162/2014, the tax benefits established under *SIFIDE* also apply to companies that subscribe units in investment funds designed to finance firms primarily engaged in R&D, known as “*SIFIDE* Funds”.

As of 2023, these funds are required to invest at least 90% of their capital within a three-year period in companies dedicated mainly to R&D. This provision allows companies that subscribe participation units of *SIFIDE* funds to deduct up to 82.5% of the amount invested from their IRC, thus offering a significant tax incentive for investment in private equity funds focused on R&D.

For companies to be eligible for receiving investment via *SIFIDE* funds, they shall comply with the following criteria:

- Companies must be certified by the domestic innovation agency - *Agência Nacional de Inovação, S.A. (“ANI”)* - as performing R&D activities.
- In the year before occurring the investment, target companies must have a value of R&D expenses of 7.5% over their revenue.

For the purposes of verifying the investment made, the management companies of R&D investment funds must send to ANI by 30 June of each year, the latest audited annual report, as well as a document, either portfolio or other, showing the investments made by the fund in the previous period in the eligible companies.

Finally, it should be noted that the management companies may request ANI to issue a declaration of conformity of the investment policy set out in the fund’s management regulations with the requirement that the investment in question be earmarked, although this declaration is not binding as to the future eligibility of the expenses ⁽²²⁾.

22 [O que é o SIFIDE? - Ayming Portugal](#)

Summing it all up, key features of the *SIFIDE* program include:

SIFIDE	
Eligibility:	All corporate taxpayers engaged primarily in agricultural, industrial, commercial, or service activities can apply, provided they are not subject to indirect tax determination methods and have no outstanding debts to the tax or social security authorities ⁽²³⁾ .
Deduction Rates:	Companies can deduct between 32.5% and 82.5% of their eligible R&D expenses. The base rate applies to total annual R&D expenditures, while an incremental rate applies to increases in R&D spending compared to the previous two years ⁽²⁴⁾ .
Eligible Expenses:	These include costs related to personnel directly involved in R&D, operating expenses up to 55% of personnel costs, acquisition of new tangible fixed assets for R&D, participation in R&D institutions, patent-related expenses, and R&D audits. Special provisions apply for ecological product design projects, which receive a higher deduction rate ⁽²⁵⁾ .
Application Process	Applications must be submitted by the end of the fifth month following the fiscal year for which the deductions are claimed. For example, for the fiscal year ending in December 2023, the application deadline is May 2024. The application process involves submitting a detailed declaration, including a map of expenses certified by a certified accountant, to ANI, which evaluates and approves the claims.
New Developments for 2024	The deduction carryforward period has been extended from 8 to 12 years, providing companies with more time to benefit from these tax incentives. Additionally, new informational duties have been introduced for participants in capital of R&D institutions and investors in R&D investment funds to enhance transparency and compliance.

Overall, the *SIFIDE* program is a significant fiscal tool aimed at fostering innovation and development within the Portuguese business landscape, encouraging more companies to invest in R&D activities.

D. Golden Visa

The Golden Visa Program is one of the most popular programs through which Portuguese residence can be obtained. This was a measure adopted by the Portuguese Government in October 2012 with the aim of attracting foreign investments to Portugal in order to encourage the Portuguese economy in the wake of the sovereign debt crisis.

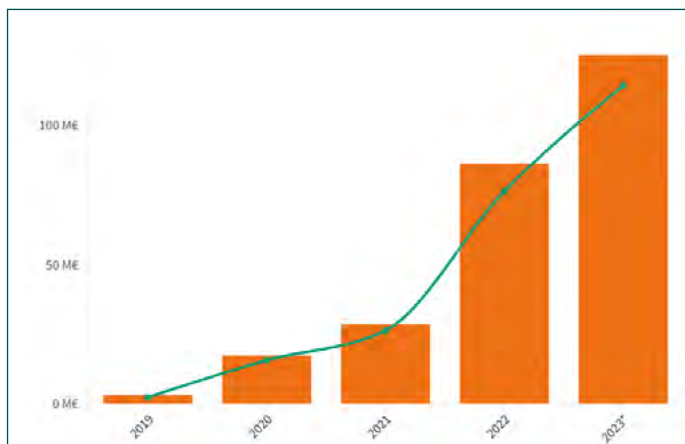
Under Golden Visa Program, to obtain a Golden Visa foreign investors must meet certain eligibility criteria, typically involving making a significant financial investment in Portugal.

23 [SIFIDE | ANI](#)

24 [SIFIDE • Invest in Portugal \(bizinportugal.com\)](#)

25 [O que é o SIFIDE? - Ayming Portugal](#)

In the past 5 years, the amount invested annually by foreign investors in order to obtain a gold visa through investment funds has multiplied 40 times over, as illustrated in the graphic below ⁽²⁶⁾:



Source: ECO

Between January and September 2023 a total of € 125 million were invested under the Golden Visa Program in investment funds and 352 golden visas were awarded by the competent Portuguese Authorities based on such investment route.

Initially, a significant number of Golden Visas were issued based on real estate investments, which constituted the primary focus of the program. However, in 2023, in order to attempt to decrease the prices of the real estate market by reducing demand, the Portuguese Government was impelled to amend the Golden Visa framework. In this context, Law no. 56/2023 was approved which excluded real estate investments from the catalogue of the eligible investments.

Following the approval and entry into force of Law no. 56/2023, the list of investments eligible for golden visa narrowed down significantly, where private equity funds became the primary source to procure golden visas.

26 Fundos nacionais “deram” 30% dos vistos gold em 2023 – ECO (sapo.pt)

Industry insiders say that “private equity funds have positioned themselves, in terms of advertising and commercial offer, in a very appealing way and have gained significant traction at the time of the investor’s decision, together with a trend towards diversification, i.e. making an investment of 500,000.00 euros through two or more different funds” ⁽²⁷⁾.

Thus, the aforementioned measures were instrumental in the development of the private equity market in Portugal during 2023, addressing the challenges faced in the market, particularly the rise in interest rates.

5. Spotlight on legislative developments in 2023: the Asset Management Regime (Regime da Gestão de Ativos)

Concerning the legal framework applicable to the management of private equity funds, it was carried out a substantial legislative reform, by creating a new asset management regime that brings together in a single diploma – the Asset Management Regime, approved by Decree-Law no. 27/2023 – various provisions relating to private equity investment that were previously dispersed through other legislative diplomas (“RGA”).

The RGA enacted some noteworthy changes in the activities of private equity companies and private equity funds. The main differences to be noted are the following:

A. Permitted activities

The RGA establishes that private equity investment vehicle managers (including “small managers”, i.e. below the AIFMD thresholds) will be able to manage all types of alternative investment funds (i.e. besides private equity funds, credit funds and other alternative investment funds which may invest in any asset class), including real estate funds provided that the majority of funds managed are private equity ones.

27 [Fundos nacionais “deram” 30% dos vistos gold em 2023 – ECO \(sapo.pt\)](#)

Moreover, large private equity investment vehicle managers (above the AIFMD thresholds) may now also provide portfolio management and investment advice services, while small private equity fund managers may invest on their own account without the need for a special CMVM authorisation to do so.

B. Simplification of authorization procedures for private equity companies to be able to commence their activities

Managers of “small” private equity investment vehicles are no longer required to demonstrate *ex-ante* most of the organizational requirements necessary to manage private equity investment vehicles (*ex-ante* verification of suitability requirements for directors remain). In addition, the deadlines for granting the authorisation of these companies are reduced to 30 days. The minimum share capital for these entities has also been reduced to €75,000.00.

AIFMD “gold plating” is being eliminated as well from the process of establishing “large” private equity fund managers and under the terms of the RGA only the organizational requirements arising from European legislation will apply (no additional ones under Portuguese law will be required). This amendment represents a significant relaxation of the requirements for the authorisation of the activity for these entities. The deadlines for granting this authorisation were also reduced (i.e. the typical deadline went from three months, extendable for a further three months, to three months, extendable only for a further one month, under the RGA).

C. Simplification of procedures for establishing private equity funds

The RGA also stipulates more flexible rules for the incorporation of private subscription of closed-ended alternative investment funds, a category into which almost all private equity funds will fall.

Therefore, the incorporation of this type of vehicle only requires prior notification to the CMVM and, in this case, CMVM will have no discretion in the assessment of the documentation submitted and in making a decision as to the registration of the fund.

Where the private equity fund is not incorporated through private subscription, its incorporation will depend on the authorisation of the CMVM, which must (i) within 10 working days of receipt of the application, notify the manager to remedy the

detected insufficiencies; and (ii) after the 10 working days or after receipt of the requested elements, issue its decision within 15 working days (the absence of a decision within such period will be equivalent to tacit approval of the application).

D. Rules for the replacement of alternative investment funds managers, including private equity investment vehicles

The RGA stipulates that the replacement of the management entity of private equity investment vehicles is not subject to CMVM authorisation, requiring only an *ex-post* notice to the regulator. As the previous legal regime on private equity (*Regime Jurídico do Capital de Risco, Empreendedorismo Social e Investimento Especializado*, or “**RJCRESIE**”) was silent on this matter, this clarification is now useful to sediment legal security for both investors and the management companies themselves.

E. Elimination of the “private equity investor” structure

“Private equity investors” were special private equity companies mandatorily incorporated as a limited liability company with a sole equity holder under the RJCRESIE. However, given that (i) this regulated structure has never gained acceptance among investors and that (ii) the interests underlying its incorporation were only those of its sole shareholder and of no other persons (i.e. it does not make sense for this figure to have a regulatory framework, at least from an asset management perspective if only one person’s interests are served), it was considered that there is no material interest in maintaining this type of legal entity in the new RGA.

F. Default holding period for private equity investments

A maximum default holding period of 12 years is implemented for private equity investments by private equity investment vehicles (funds or private equity companies investing in their own account). Although the management regulation may expressly provide for longer periods, this represents a change in the paradigm from the previous legal regime.

G. Minimum investment amount for alternative investment funds

The minimum subscription per investor of €50,000 in alternative investment funds, including private equity vehicles that existed under the previous regime

is eliminated in the RGA, facilitating investment in this type of funds by non-professional investors.

H. Elimination of the limit for investment in listed securities

Another important change is the elimination of the 50% ceiling for investment in companies with securities admitted to trading on a regulated market by private equity investment vehicles, which should be read together with the rule that such vehicles should have a minimum holding of 10% in each of the listed companies in which they invest.

The aim appears to be to encourage the establishment of buyout funds to acquire listed companies (and not, conversely, to allow private equity investment vehicles to make minority investments in listed companies, which should be left to UCITS or securities alternative investment funds).

I. Simplified rules for private equity funds with a minimum subscription amount of € 100,000 (instead of € 500,000)

The RGA provides that the following limits on the composition of the assets of private equity funds do not apply to funds whose participants are only professional investors or subscribe at least €100,000: (i) may not invest more than 33% of the available amount for investment, whether invested or not, in one company or group of companies; (ii) may not invest more than 33% of their assets in another private equity fund.

This rule is more flexible than the equivalent RJCRESIE rule, under which these limits did not apply (also) to funds whose unit holders are only professional investors or who subscribe at least €500,000.

J. Bond issues

It is now clarified that alternative investment funds, including private equity funds, may issue bonds to obtain financing from external investors (an issue that was previously debated from a legal perspective).

K. Depositary

It is now clarified that “below thresholds” private equity management companies will be subject to similar rules concerning the depositary, as “above thresholds” private equity management companies. This will include, among others, being subject to certain monitoring responsibilities by depositaries regarding managers’ compliance with the law, regulations and funds’ governing documents.

L. Key takeaways

The amendments to the private equity regime are in line with the motives that presided over the approval of the RGA: (i) to simplify the Portuguese legislation on private equity and (ii) to eliminate the latter’s gold plating in relation to the European legislation.

In the first place, it should be noted that the new model for the incorporation of closed-end funds through private placements entails increased risks for management companies: although on the one hand the prior notice model significantly shortens the deadlines for the incorporation of new private equity investment vehicles, the respective regulatory process is not subject to the prior analysis of the CMVM, where there could be a greater chance that the regulator would, at a later stage, identify non-compliances in the activities of private equity funds with the law and/or regulations in force (particularly in issues where there may be different points of view in the interpretation of the applicable rules between CMVM and the management companies).

In addition it is relevant to point out the systematic simplification of the regime (with the elimination of references to other legal diplomas), the greater ease for private equity companies to commence their activities and the elimination of the minimum amount to invest in private equity funds.

6. Transactional data and highlights

In 2023, 84 private equity transactions were recorded totaling € 1.4 billion. Compared to 2022, the volume of private equity transactions in Portugal increased by

27%, despite a decrease in the total aggregate value ⁽²⁸⁾, and according to TTR Iberian Market Annual Report 2023, 20 of these 84 private equity transactions were exit deals.

Also according to TTR, in 2023, private equity transactions accounted for 12% of the total company acquisition transactions. The quarter with the highest number of private equity transactions was the fourth quarter of the year, as indicated in the market overview provided below.

A. Selected transactions

In 2023, several key transactions were made involving private equity funds (Portuguese and foreign), many made under the aforementioned support programs. We highlight 10 of such transactions:

Target	Transaction	Buyer/investor	Seller	Value
Arquiled	Acquisition	Visabeira	C2 Capital Partners, EDP Ventures	Not disclosed
Bluepharma	Equity investment	C2 Capital Partners	-	€ 30 million
Cascadeinvest, Sunseasand	Acquisition	Hotel Investment Partners (Blackstone)	Flitptrel	Circa € 50 million
Controlauto	Minority acquisition	Portobello Partners	Real Vida Seguros, Brisa	Not disclosed
Efacec	Acquisition	Mutares	Portuguese State	€ 450 million
Euroscut Açores	Acquisition	RiverRock/Horizon Equity Partners	Ferrovial	€ 42.6 million
Greenvolt	Acquisition/public tender offer	KKR (through an affiliate fund)	Shareholders of Greenvolt	€ 1.1 billion
Palsystems	Equity investment	CoRe Capital	-	Not disclosed
Rega Energy	Equity investment	Swen Capital Partners	-	€ 60 million
Unbabel	Equity investment	Explorer Capital Partners	-	Not disclosed

(i) Acquisition, by Visabeira, of majority position in Arquiled

Constructel Visabeira, which reference shareholders are Visabeira group and affiliates of Goldman Sachs Asset Management, acquired a majority participation in Arquiled, a leader in LED street lighting. Constructel acquired the participation from

28 Source: [Relatório anual sobre o mercado transaccional português - 2023 - TTR Data Blog](#)

EDP Ventures (corporate venture capital unit of Portuguese utility EDP), C2 Capital Partners (private equity) and Climar Lighting (private shareholders).

According to a press note ⁽²⁹⁾, the new shareholder structure represents a new cycle in Arquiled's strategy, which will enable it to expand its business into new international markets, promoting a new economic path through technological innovation, as well as developing new products for both the domestic and international markets.

Constructel Visabeira is one of the main providers of network engineering services in the telecommunications and energy sectors in Portugal and other European countries such as Belgium, Denmark, France, Germany, Italy, Spain, Sweden, the Republic of Ireland and the United States of America.

(ii) Investment carried out by C2 Capital Partners in the company Bluepharma

Under the *SIFIDE* program, C2 Capital has made a significant investment of € 30 million in Bluepharma, becoming a minority shareholder in the pharmaceutical company. This investment aims to strengthen Bluepharma's Research and Development (R&D) strategy. With this capital injection, Bluepharma plans to advance its strategic projects for the next decade, including the development of the "Coimbra Life Sciences Park" and CiNTech, both part of the Recovery and Resilience Plan. These projects aim to create the first technology hub dedicated to complex injectable medicines in Portugal. It was highlighted that this investment will allow the company to transform its profile, with a growing focus on oncology drugs and advanced therapies ⁽³⁰⁾.

(iii) Acquisition of Cascade and Sunseasand

US private equity giant Blackstone has decided to step up its tourism investment in Portugal with the purchase of the Cascade Wellness Resort in Lagos from two Portuguese companies (Cascadeinvest and Sunseasand) controlled by Flitptrel (managed by real estate and infrastructure manager Davidson Kemper) through a 100% share deal. The deal is expected to be worth around € 50 million.

The underlying asset is the 5-star Cascade Wellness Resort, located in Lagos, Algarve, which has 108 rooms and suites, 58 flats and four villas. It also has three restau-

29 <https://grupovisabeira.com/pt/media/newsletter/d?d7d32cb8-e44b-4323-a445-16a3ff3678b4>

30 [C2 Capital investe 30 milhões na Bluepharma e passa a acionista minoritária](#)

rants, two bars, three swimming pools (one of which is sandy), a spa and two tennis courts ⁽³¹⁾.

(iv) Minority acquisition of Controlauto by Portobello

The Spanish private equity firm Portobello Capital acquired the minority position held by Real Vida Seguros in Controlauto, as well as 24% of Controlauto Serviços from Brisa (the largest Portuguese toll-road operator).

According to a press note, the partnership between Grupo Brisa and Portobello Capital aims to boost Controlauto's development in Spain, as defined in its strategic growth plan, and represents the Portobello Structured Partnerships fund's first investment in Portugal.

In Portugal, Controlauto is one of the leading vehicle inspection companies and one of the top five in the Iberian Peninsula. The company was founded in 1993 and has 51 inspection centers that carry out around 1.6 million inspections a year.

In turn, Controlauto Serviços was recently created to develop new businesses linked to the mobility sector (<https://expresso.pt/economia/empresas/2023-11-17-Portobello-Capital-compra-parte-da-Controlauto-5a61cdd4>).

(v) Acquisition of Efacec by Mutares

Mutares SE & Co. KGaA successfully completed, in 2023, the acquisition of Efacec from the Portuguese State as part of the re-privatization process launched in late 2022. The transaction is worth around € 450 million.

Efacec is a leading Portuguese company in the manufacture and delivery of critical equipment and solutions across the energy, electrical engineering and mobility segments and has proven expertise in energy transition. The company employs around 2,000 people and is a pioneer in providing innovative technologies and high-quality products in the field of energy systems, engineering services, and electric mobility infrastructure ⁽³²⁾.

31 <https://turisver.pt/americanos-da-blackstone-adquirem-cascade-resort-no-algarve/>

32 <https://mutares.com/en/mutares-has-successfully-completed-the-acquisition-of-efacec-from-the-portuguese-state/>

(vi) Euroscut Açores

Horizon Infrastructure Fund has purchased 89.2 per cent of Euroscut Açores in partnership with RiverRock for a price of € 42.6 million. Euroscut Açores is a concession that operates a 94-kilometre stretch on the island of São Miguel and connects Ponta Delgada and Vila Franca do Campo to the Northeast, until 2036, and was controlled by Ferrovial.

Ferrovial will continue to provide technical assistance services for the next two years, which can be extended by agreement between the parties ⁽³³⁾.

(vii) Greenvolt acquisition

KKR agreed to purchase the shares of the largest shareholders in the Portuguese company Greenvolt and achieve direct and indirect control of more than 50% per cent of the renewable energy company and is now moving forward with a public tender offer to acquire the shares of the respective minority shareholders.

KKR, through a Luxembourg based SPV aimed to purchase 84.7 million Greenvolt shares (60.86% of the company's capital) that belonged to its main shareholders, Actium Capital, Caderno Azul, Livrefluxo, Promendo, V-Ridium, KWE and 1 Thing Investments.

With the purchase of this participation, KKR launched a mandatory public tender offer for the remainder of the company's shares which is now waiting for the clearance from the competition authority ⁽³⁴⁾.

(viii) Investment in Palsystems carried out by CoRe Capital and WAM Investments

Within the scope of *Programa Consolidar*, CoRe Capital and WAM Investments made one of the major private equity investments in Portugal by acquiring a stake in Palsystems, a Viseu-based company specializing in the production of wooden pallets. The investment amount was not disclosed, but the goal is to expand Palsystems' production capacity and diversify its business to include the energy sector. Palsystems, which produces one million pinewood pallets annually and is the fifth

33 <https://eco.sapo.pt/2023/06/09/fundos-horizon-e-riverrock-compram-euroscut-aco-res/>

34 <https://eco.sapo.pt/2024/05/15/kkr-fecha-compra-da-posicao-maioritaria-da-greenvolt-a-31-de-maio/>

largest operator in the sector nationally, will see its assembly lines modernized and its by-products used for energy cogeneration. This investment will enable the company to meet the growing international demand for pallets and adopt a more sustainable and circular business model, focused on the production, rental, reuse, repair, renewal, and recycling of wooden pallets.

With this investment Palsystems, which employs 60 workers and had a turnover of €14 million in 2022, with 15% of sales abroad, expects to increase its competitiveness and sustainability with this capital injection ⁽³⁵⁾.

(ix) Investment in Rega Energy

Portugal-based renewable energy company REGA Energy Group received an equity investment from SWEN Capital Partners in its € 60 million funding round. The firm offers biomethane and green hydrogen as an alternative to industry leaders in the respective gas supply businesses ⁽³⁶⁾.

(x) Investment round in Unbabel

Portuguese company Unbabel has raised \$ 21 million (€ 19.5 million at the current exchange rate) from Iberis Capital, GED Ventures Portugal, Notion, ScaleVentures Partners, Caixa Capital and Point 72.

The funding will be used to “boost the global growth strategy, as well as to strengthen its position on the path to profitability”. It will also make it possible to continue the company’s acquisition strategy ⁽³⁷⁾.

7. Final Considerations

2023 highlighted a year of substantial growth for the Portuguese private equity industry. Despite representing a relatively small segment of the market, the sector demonstrated resilience and expansion, driven by strategic government initiatives and favorable investment conditions.

35 [CoRe Capital e WAM Investments apostam na Palsystems, empresa viseense que fabrica paletes](#)

36 <https://www.swen-cp.fr/en/rega-energy-group-completes-60me-funding-round/>

37 [Portuguesa Unbabel levanta financiamento de 21 milhões de dólares – Observador](#)

The entry into force of the RGA, which resulted in the clarification of the legal framework applicable to private equity, was also one of the milestones of 2023 and will expectedly have a major impact on dictating the evolution of private equity in Portugal.

