

Private Equity Week

Chrysalis cocoons \$300M

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Chrysalis Capital Partners closed a \$300 million fund for restructuring distressed middle-market companies.

Some 80% of the Philadelphia firm's commitments came from institutions, including the Pennsylvania Public School Employees' Retirement System and the Colorado Public Employees' Retirement Association. The firm also counts two life insurance funds, one bank, two endowments and several high-net-worth individuals among its limited partners.

The firm had targeted \$200 million for its first fund, but interest from institutional LPs drove up the size.

Chrysalis invests in companies with \$50 million to \$100 million in revenue and looks to put between \$5 million and \$30 million to work for a controlling share of the target. It has already invested about 25% of its new fund in six companies.

One such company is bankrupt locker-maker Republic Storage Systems Company Inc., which agreed to sell its assets to Chrysalis last week. Republic, based in Canton, Ohio, was hit by a flood in 2003 and shuttered its factory doors. That, combined with rising steel prices and retiree health care costs, forced the company to file bankruptcy. Chrysalis plans to clean up the balance sheet, make the operations more efficient and focus the company's marketing efforts to help turn it around, says Chrysalis Partner and General Counsel Paul Halpern.