THE €2M-€25M EQUITY GAP

Why mid-market raises stall - and how they close. The band between €2 million and €25 million is where EMEA's growth capital is thinnest, why good companies fail to raise in it, and where relationships and preparation change the outcome most.

PRIVEA PARTNERS RESEARCH · AUGUST 2026 · 8 PAGES

ABOUT THIS PAPER

This paper is written for founders, owners and boards raising growth capital in EMEA, and for the advisers who serve them. It draws on Privea Partners' own vantage point: more than 140 single and multi family office relationships across 26 markets, a working focus on cheques of €2 million to €25 million, and a senior team whose combined transaction track record exceeds US$13 billion. What follows is practitioner observation rather than market statistics - the gap as we see it from inside the flow. It is one of five papers in our August 2026 research series on capital raising in EMEA; the companions - on the family office shift, Gulf capital, private debt and raise-readiness - are available at priveapartners.com/insights.

How to read it: section 01 establishes why the gap exists and widens; sections 02 and 03 anatomise why raises stall and how they close; section 04 sets out the readiness scorecard; sections 05 and 06 close with the founders' playbook and the firm's own view. Boards mid-raise should start with the scorecard and score honestly - the rest of the paper explains the result.

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EXECUTIVE SUMMARY

Between the ceiling of angel capital and the floor of institutional growth equity sits the band in which EMEA's good companies raise worst. The problem is rarely the company. It is that the capital which suits the band is the hardest to see - and that the visible market punishes companies for the very process errors it forces on them.

This paper anatomises the gap from inside our own mandate flow: why it exists and why it is widening; how founders actually experience it; the repeatable process failures behind stalled raises; and the equally repeatable mechanics of the raises that close. It includes the readiness scorecard we apply to incoming mandates - a practical instrument any board can run against its own raise before going to market. The thesis is blunt. The gap is a matching problem, not a capital shortage: the money exists at scale in family hands, it does not market itself, and reaching it is an access-and-preparation question. Companies that treat it as such close in weeks. Companies that treat the band like a smaller version of the institutional market spend months - and credibility - discovering it is not. The scorecard in section 04 is the paper's practical core: seven dimensions, honestly scored, that predict a raise's trajectory better than any quality of deck - and that any board can fix in weeks.

FINDINGS IN BRIEF

- The gap is structural arithmetic: cheques too large for angels, too small for fund economics - and it widens each cycle as institutional minimums rise.
- The companies in the band are the underwriteable ones - typically €3 million to €60 million in revenue, profitable or close to it - yet they remain the worst served in European private capital.
- Stalls are process failures, not verdicts: wrong audience, shopped paper, vague valuation, unfinished preparation and broken sequencing account for most of the stalled raises we inherit.
- Raises that close share one shape: a dozen matched investors, warm entry, a finished data room, a named range and quiet momentum - a median of roughly six weeks to term sheet in our experience, with the variance explained almost entirely by preparation.
- Family capital fills the band naturally; reaching it is an access question, which is why the band rewards relationship-led processes over volume-led ones.

140+	26	€2M-€25M	6 WKS
FAMILY OFFICE RELATIONSHIPS	MARKETS COVERED	CHEQUE BAND	MEDIAN TO TERM SHEET

01

SECTION 01

THE GAP IS STRUCTURAL

Below €2 million, capital is plentiful. Above €25 million, processes become auctions. Between the two sits a structural gap that no market force is currently closing - and most founders discover it only after months inside it.

The arithmetic is simple. Angels, seed funds and syndicates compete hard for allocations below €2 million. Institutional growth equity re-enters above €25 million, where fund economics can carry the diligence cost. Between the two sit cheques too large for angels to write and too small for a €1 billion fund to justify pursuing - in almost any EMEA market, in almost any sector.

The companies in this band are, by most definitions, the good ones: typically €3 million to €60 million in revenue, profitable or visibly close to it, with real customers and real margins. They have outgrown story capital and can be underwritten on numbers. Yet they are underbanked almost everywhere - the institutional machine is not built for their size, and the visible market gives them almost nothing back for a raise of this shape.

The gap is not new, but it has widened. Each fundraising cycle pushes institutional minimum cheques higher - a fund that closed at twice its predecessor's size cannot write half its predecessor's tickets. Meanwhile the cost of running a regulated, institutional-grade process has risen for everyone, which pushes advisers up-market too. The band does not merely lack capital; it increasingly lacks anyone whose economics reward serving it.

Geography compounds the arithmetic. In London or Munich the band is merely thin; in Lisbon, Milan or the second cities of the Nordics it is close to empty, and the local advisers who once bridged it have consolidated up-market with the capital. The result is a continent of structurally similar gaps, each experienced locally as a puzzle - why can a profitable €20 million business not raise €8 million? - when the answer is the same arithmetic everywhere.

Founders experience the gap as silence. The seed investors who funded the early rounds are tapped out at this size; the growth funds who take the meeting are, politely, killing time until the company is bigger. Months of well-mannered interest that never converts is the signature of the band - and it is routinely misread as a verdict on the business. The misreading matters because it prompts exactly the wrong responses: cutting the ask, discounting the price, or widening the outreach - each of which weakens the raise further.

The capital that fits the band exists at scale; it simply does not market itself. Family offices write exactly these cheques - the sizes match how families think about position sizing, the companies are mature enough to underwrite on cash flow, and the absence of an auction suits a buyer whose edge is speed and discretion rather than headline price. The result is a matching problem, not a capital shortage - and matching problems are solvable.

SECTION 02

WHY RAISES STALL

The stalled raises we inherit share causes that have little to do with the quality of the business. They are process failures - and they repeat with remarkable consistency.

The wrong audience, approached broadly. A venture narrative pitched to buyers of cash flow; funds approached whose minimum cheque sits above the entire round; hundreds of cold emails to addresses scraped from databases. Months pass, the deck circulates, and every subsequent conversation starts from a weaker position.

Shopped paper. Investors at this level can tell when a deck has been round the market, and the inference is immediate: if nobody has taken this, why should we? Discretion is not cosmetic - a process that looks exclusive is treated as one worth prioritising.

Valuation left vague. Founders hold the number back to preserve optionality; investors read the silence as either inexperience or a stretched expectation. Serious buyers negotiate - they do not archaeologise. Naming a defensible range early is a sign of strength, not weakness.

Preparation done during the process rather than before it. The data room assembled under diligence pressure, the forecast revised between meetings, the cap table question answered in week nine. Each is survivable alone; together they convert momentum into drift.

Sequencing failures compound the rest. The strongest prospect approached first with an unrehearsed pitch; the best-matched family reached last, after the deck has been round the market; references volunteered before they were prepared. A raise is a sequence of one-shot meetings, and the order in which they are spent matters nearly as much as their content.

And advisers can make it worse. A mandate priced on volume produces a process run on volume - hundreds of approaches, none of them warm, each one spending a little of the company's scarcity. In this band, coverage is not a service. Matching is.

> *Rounds in this band rarely die of rejection. They die of drift - weeks becoming months while the company answers questions it should have answered before it began.*

THE PATTERN BEHIND THE STALL

Most stalled raises that reach us share the same three features: broad cold outreach in place of warm, matched introductions; no named valuation range; and a data room that is still being built. All three are fixable - usually in weeks - and fixing them changes the trajectory of the raise more than any change to the deck.

03

SECTION 03

HOW THEY CLOSE

The raises that close in this band close the same way: a short list of genuinely matched investors, reached warm, met prepared, and run with quiet momentum.

Relationships first. The list is short - a dozen well-matched families outperform two hundred cold names - and every approach travels through a route the investor already trusts. In this band the introduction is part of the underwriting: who brought the deal is read as carefully as the deal itself, and a strong route collapses months of relationship-building into a first meeting that starts warm.

Preparation as the accelerant. The data room finished before outreach begins; a valuation range named in the first meeting; the founder present and available throughout. In our experience, processes run this way reach a term sheet in a median of roughly six weeks. Processes that are not can run six months and end nowhere - and the difference is almost never the company.

Structure where price disagrees. When the valuation gap is genuine, the answer is rarely to argue harder - it is to structure: preferred instruments, convertibles, or debt alongside a smaller equity ticket. Family capital is unusually good at this, because one balance sheet can hold the whole answer, and because a principal negotiating for their own account can trade price against protection in a single conversation.

References, prepared and sequenced. Serious buyers call customers, former investors and the people around the founder - usually through their own networks. The raises that close treat references as an asset to be curated and timed, not a formality: briefed referees, honest weaknesses pre-disclosed, and no surprises reachable by a phone call.

Momentum, quietly. Parallel conversations with a small number of parties, an honest timetable, and no artificial deadlines. Scarcity that is real does not need to be performed - and investors at this level can tell the difference immediately.

An honest close. The final fortnight is where prepared companies win twice: legal points pre-agreed in principle, signatories available, no new information surfacing late. The companies that lose momentum here are the ones discovering their own consents and approvals in real time.

None of this requires scale - it requires knowing which twelve names belong on the list and being ready when one of them says yes. That is also why the band rewards relationship-led advisers over volume-led ones: the scarce input is not effort but access, matched well and spent carefully. Volume can be simulated by anyone with a database. Access, matched well, cannot - and investors in this band have learned to tell the difference from the first email.

04

SECTION 04

THE READINESS SCORECARD

Before taking a mandate we score the raise itself, not just the company. The instrument below is the working version - any board can run it before going to market, and the honest answers predict the process.

DIMENSION	RAISE-READY LOOKS LIKE	STALL RISK LOOKS LIKE
Audience	A shortlist matched to what each investor actually buys, at the size they actually write.	A long list built from databases; funds whose minimum exceeds the round.
Entry route	Every approach warm, through a party the investor already trusts.	Cold outreach at volume; the deck already circulating unaccompanied.
Data room	Finished before outreach: accounts, current MI, cap table, concentration, contracts.	Assembled under diligence pressure; documents arriving mid-process.
Valuation	A defensible range, anchored to cash flows and current comparables, named early.	Price held back for optionality; anchored to a prior cycle's marks.
Numbers	One set of figures from teaser to diligence, with an honest downside case.	A forecast that moves between meetings; history that needs explaining twice.
Founder	Present at every consequential meeting; available within forty-eight hours.	A process delegated to juniors or fronted entirely by advisers.
Momentum	Few parallel conversations, an honest timetable, a pre-agreed path to close.	Sequential meetings, artificial deadlines, legal points discovered late.

The scorecard's value is in the honesty of the answers, not the arithmetic. A raise that scores weak on three or more dimensions should not go to market until they are fixed - the fixes take weeks, while the reputational cost of stalling in front of the right investors lasts years.

Two further uses are worth naming. Boards use the scorecard to time the raise - the dimensions are leading indicators, and a company that fixes them before it needs capital raises from strength rather than need. And investors, increasingly, run the same test in reverse: the first data-room request, the first valuation question and the first scheduling exchange tell a family most of what the seven rows would. The scorecard is not a private tool; it is a description of how the other side already reads you.

We also use it to decline. A mandate that scores weak on four or more dimensions is not un-advisable; it is un-introducible - and saying so early is kinder than a process that proves it slowly. In our experience many first conversations end with a readiness plan rather than an engagement, and the companies that return two months later run the fastest processes we see.

05

SECTION 05

WHAT THIS MEANS FOR FOUNDERS

The gap is navigable, but only deliberately. Six practical consequences follow - each one actionable this quarter.

1. **Diagnose the audience before blaming the asset.** If the raise is stalling, list who you have approached and ask what they actually buy at what size. In our experience most stalls are matching errors wearing the costume of market feedback.
2. **Withdraw before you re-approach.** If the deck has been round the market, pause. Fix readiness, change the fact pattern - new numbers, new structure, new route - and re-enter warm. A quiet withdrawal costs a month; a visible limp costs the round.
3. **Cost the drift.** Every month of process consumes runway, management attention and credibility. A six-week prepared process is cheaper than a six-month improvised one on every axis that matters, including price.
4. **Run the scorecard honestly.** Score your raise on the seven dimensions in section 04 before the first approach. Three or more weak answers means you are not ready - and the market will conduct the same assessment less kindly.
5. **Name the range and hold it.** Decide the defensible valuation range before outreach, state it early, and negotiate within it. Moving the number mid-process - in either direction - restarts everyone's underwriting.
6. **Choose advisers on access, not coverage.** Ask any prospective adviser who, specifically, they would call first - and why that party would take the call. The credible answer names people and relationships, not databases and volumes.

The common thread is scarcity management. In a band where every serious meeting is a one-shot event, the raise is an exercise in spending scarce credibility well - and the companies that treat it that way are treated differently in return. Scarcity management is also the honest frame for timing: the best moment to run a six-week process is the quarter before you need it, when the scorecard can be fixed calmly and the range named from strength.

06

SECTION 06

THE PRIVEA VIEW

The gap is not a corner of our business. It is the whole of it - and our view of where it goes is unhedged.

We think the gap widens before it narrows. Fund economics keep pushing institutional minimums up; the cost of process keeps pushing advisers up-market; and family capital - the natural filler - arrives relationship by relationship rather than fund by fund. The spread between how good this band's companies are and how badly the visible market serves them is, in our judgement, the largest single inefficiency in EMEA private capital. Inefficiencies of this size do not close politely; they get arbitraged - and family capital is the arbitrage.

We also think volume is the wrong answer, permanently. The band's scarce input is matched access - knowing which twelve names fit and being trusted enough to reach them warm. That does not scale like a mailing list, and every attempt we have seen to industrialise it has degraded the one asset that matters: the willingness of serious families to take the call. It is why we run fewer mandates, deeper.

And we think the winners are already recognisable. They treat readiness as a discipline rather than a phase, guard their scarcity, enter warm, and price honestly. For those companies the gap is not a wall; it is a moat - the band's very illegibility protects a prepared raise from the auction dynamics that would otherwise compete its terms away. The raise is won before the first meeting. The rest is sequencing.

START THE CONVERSATION

If your raise sits between €2 million and €25 million - stalled or not yet started - we will tell you candidly how it reads, what would need to change, and which investors would genuinely engage. Book a conversation at **priveapartners.com/call**.

ABOUT PRIVEA PARTNERS

Privea Partners raises equity and debt for companies from single and multi family offices across EMEA and the Gulf. The firm works exclusively in the €2 million to €25 million band, across more than 140 family office relationships in 26 markets, with a senior team whose combined transaction track record exceeds US$13 billion.