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Key Capital Partners

**Key Capital Partners raises £55m fund for SMEs**

Private equity house Key Capital Partners (KCP), which has offices in London and Leeds, has first closed on a new £80m fund which aims to invest in high growth SMEs through management buy-outs, equity release and development capital deals.

KCP will be seeking to invest equity sums of between £3m and £15m in profitable, dynamic businesses where there is the opportunity to double the profits of the business over a three to five year period.

The firm has secured £55m of commitments in the first closing and is confident of reaching its £80m hard cap over the coming months.

Since launching its first fund in 2007, KCP has invested a total of £65m in 15 businesses nationally across a variety of sectors from school catering and glass processing to nursing care and recruitment. It has successfully exited five of these businesses including the secondary MBO of Kent-based healthcare services provider Nurse Plus in December 2014; the sale of Manchester-based bespoke interiors supplier Neville Johnson in May 2014; and the sale of TSC Foods in Scunthorpe in January 2014. There are also further exits in the pipeline.

“There are surprisingly few places where SMEs can secure equity investment of this size and with proposals of tighter rules on company fundraising under the Enterprise Investment Scheme (EIS) and Venture Capital Trusts (VCT), it is expected to soon become even more difficult. Having established a strong track record working with entrepreneurial businesses in the lower mid market, we have developed a real expertise in this important, but underserved sector and this is where we want to be,” explains Owen Trotter, Leeds-based managing partner of KCP.

“We have trebled our initial investment in our last five exits by bringing capital and also operational support to the table. As a result, investors are confident in coming back to us and we are also attracting...
new money including blue chip institutional investors, local authority pension funds and large family offices.”

Trotter continues: “The businesses in which we have invested have also reaped the rewards – the companies we have invested in have created thousands of new jobs and over 20 of the managers we have backed have become millionaires. We are happy to work across all sectors, the key is that the businesses we support have real potential for significant growth as a result of our input.”

Chairman Tom Lamb adds: “As one of the leading fund managers in the smaller buyout arena, we have built up a team which we believe is more experienced than any in the market and we have proved able to use our expertise to make a real difference. Whether it’s assisting with sales and products or developing the management team and IT systems, we have a very hands-on approach, making decisions swiftly and working as close partners with our portfolio of businesses.”

- Ends –

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Editors Note
Businesses in which Key Capital Partners has invested include:

- £3.3m investment in healthcare staffing business Hallam Medical based in Sheffield
- £3.4m investment in York-based Gear4music.com, an online retailer of musical instruments and music-related equipment
- £5m investment in Alliance in Partnership, a Midlands-based educational catering specialist
- £5m investment in Wells Plastics, a Midlands-based manufacturer and developer of specialty plastic additives
- £6m investment in Scunthorpe-based soups and sauces business TSC foods (now sold)