



Kester Capital Successfully Closes Oversubscribed Second Fund Above Target At Hard Cap

August 2020

Kester Capital (“Kester”), the primary buyout specialist, today announced that it has successfully closed its latest fund, Kester Capital II, at its hard cap of £90 million. Despite challenging market conditions, the fundraise was oversubscribed and exceeded its target with a diverse group of new and existing UK, Continental European and US institutional investors.

Kester’s second fund will maintain the firm’s strategy of investing in UK SMEs requiring institutional capital for the first time, with a focus on Healthcare, Business and Financial Services and TMT. These sectors enjoy high growth, as well as opportunities for technological improvement and market consolidation.

During the fundraising period, Kester Capital has continued to develop its portfolio, which is trading well despite Covid-19, and has completed the MBOs of YouGarden and Vixio (formerly ComplianceOnline). Last month, it completed a successful refinancing of YouGarden, just nine months after the initial investment, returning over 60% of cost to its investors. Kester has also continued to support buy and build activity within its portfolio, as well as completing the recent sale of Frontier Medical’s Infection Prevention division to Vernacare (backed by H.I.G. Capital).

“We are delighted to have exceeded our target and reached our hard cap thanks to the support of existing and new investors. Although market conditions have been challenging in the wake of the Covid-19 pandemic, our portfolio has continued to perform strongly and it is against this positive backdrop that our investors were able to conduct much of their diligence work remotely over the last three months and confidently commit to our second fund.”

Adam Maidment, Managing Partner of Kester Capital

“Having closed the new fund, we are now actively looking for new investment opportunities as well as expanding our investment team. We see significant potential in the UK lower mid-market where fundamentally attractive businesses can achieve a level of growth that bucks the wider market trend, and in turn require an investment partner like us to fulfil their ambitions.”

Cameron Crockett, Managing Partner of Kester Capital

“Raising an oversubscribed fund in current market conditions is quite an achievement and we would like to congratulate Kester for this significant accomplishment. Investors were particularly attracted by the fund strategy and strong portfolio performance, at a time when many companies are suffering from the effect of the Covid-19 crisis. We were able to raise commitments in excess of the fund target in less than nine months by working with investors who were still actively investing during this period.”

Etienne Deshormes, CEO of Elm Capital

Kester Capital is a primary buy-out specialist, led by an entrepreneurial and experienced team, and focused on UK businesses that require capital in order to unlock their potential.

Kester Capital was advised on the fundraising by Elm Capital (placement agent) and Travers Smith (legal).

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