

# Growing Business

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## Private equity firm Hotbed acquired by fast-growing Connection Capital

**Connection Capital today completed the acquisition of private equity firm Hotbed, making it the largest private client investment business in the UK.**

The deal sees joint venture partner Riverside Capital Group acquire Hotbed's property portfolio. Together Connection Capital and Riverside will assume control of Hotbed's entire investment portfolio, which totals £140m of equity under management in assets valued at over £500m across venture capital, private equity, and property deals.

The transaction represents the end of a decade in which Hotbed established itself as the leading 'hybrid' investment firm, where angel investors pooled tranches of cash for the private equity firm to invest and manage on their behalf.

Since 2002 Hotbed raised £211m from investors, which has been ploughed into 96 investments, including 29 in property and nine funds. Connection Capital has a similar approach, enabling high net worth individuals to build a broad portfolio of private equity investments, thus spreading the risk and streamlining the investment and due diligence process for its clients.

The firm, which focuses on equity investments of under £10m in management buy-out, growth capital and replacement capital deals, was launched in 2010 by Hotbed co-founders Claire Madden (pictured) and Bernard Dale following a split in the group in 2008.

Madden and Dale departed to focus on later stage private equity deals, which led to the creation of Connection Capital. In two years the firm has amassed a client-base of more than 280 investors with combined wealth of over £3bn. Riverside Capital Group was launched in similar fashion by Andy Taylor, who quit as Hotbed's head of property in 2008, joined Stenham Advisors, before setting up his current firm.

Connection Capital plans to capitalise on its enhanced status secure in the knowledge that the best returns on private equity deals are made in periods following a recession. To date the firm has made four investments, with a further two pending. Claire Madden, partner of Connection Capital said: "It's a perfect fit for our growing business where we see significant growth potential. It's also an added bonus that we know many of the members and portfolio companies from our Hotbed days.

Hotbed's employees have transferred to the respective acquirers and will continue to work on their portfolios.

Story from Growing Business:

<http://www.growingbusiness.co.uk/private-equity-firm-hotbed-acquired-by-fast-growing-connection-capital.html>

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