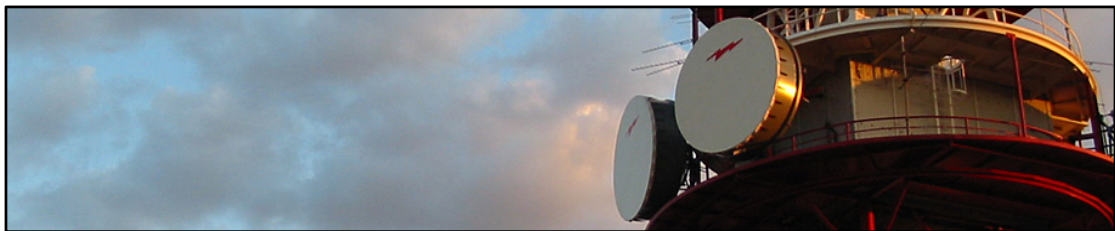
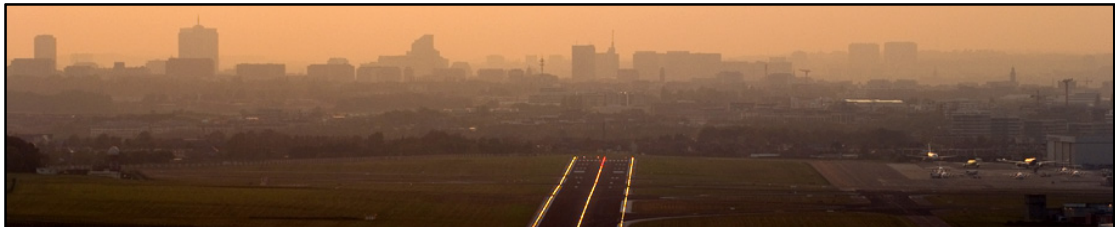
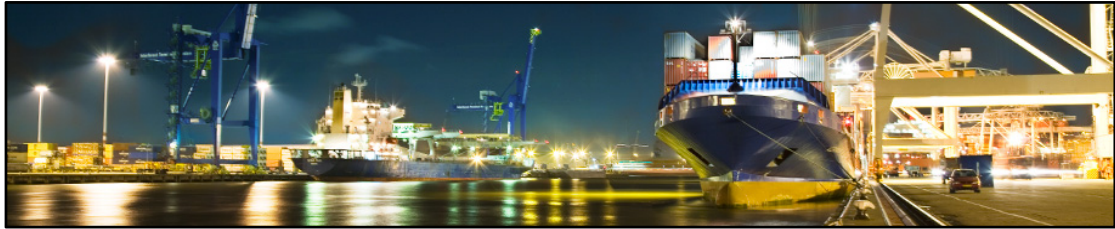


Annual Review 2011

31 December 2011



Introduction

This annual review is prepared by Montagu Private Equity LLP (“Montagu”) in accordance with the Guidelines for Disclosure and Transparency in Private Equity issued in November 2007 following the Walker Review and as updated by subsequent reports issued by the Guidelines Monitoring Group. Montagu complies with the guidelines in full.

About Montagu

History and ownership

Montagu’s business was established in 1968 as a division of Midland Bank plc, which was subsequently acquired by the HSBC Group. In 2003, Montagu’s management acquired 80.1% of the company from HSBC, with the latter retaining a 19.9% stake. Today, Montagu is structured as a limited liability partnership with HSBC continuing to retain its 19.9% interest.

Activities

Montagu’s business involves arranging investments in businesses predominantly in Northern Europe, usually working with the incumbent management teams, leading management buyouts from the corporate or private owners of those businesses. Montagu raises funds which invest across a wide range of industries and which have a primary focus on acquiring businesses based in the United Kingdom, France, Germany, Poland and the Nordic region.

Montagu manages funds raised from institutional clients from around the world, such as pension funds, insurance groups, banks and private companies. Some of the investors in its funds are also private individuals. Montagu earns an annual management fee and, if the fund exceeds its hurdle rate of return on the fund, a profit share or “carried interest”. In common with most private equity firms, Montagu will not earn any carried interest until it has returned to the investors in the funds all of the money drawn from them plus a hurdle rate of return per annum.

Montagu’s success therefore depends upon its ability to identify good investments for its funds. It seeks to arrange the acquisition of profitable companies with good growth prospects, and to increase their value over the period of its ownership, then arrange a sale in order to make a capital gain for investors. Investments are held for typically three to five years and for an investment to be successful, its value must increase over that period. This requires an investment of time and resource from the management teams of the companies acquired and Montagu’s own investment executives. For case studies of investments, see www.montagu.com.

Structure of the General Partner

The core entity in the Montagu group of companies is Montagu Private Equity LLP, a United Kingdom limited liability partnership. There are 24 members of the limited liability partnership all of whom are executives of Montagu. Montagu has 72 staff in total across its offices in London, Manchester, Düsseldorf, Paris, Stockholm and Warsaw.

Funds under management

Private equity funds are typically structured as ten year limited partnerships with five year investment periods. When one fund is substantially invested, a new fund will be raised for future investment.

Montagu's most recent fund, Montagu IV, was raised in 2010 and 2011 with a final close in April 2011. The fund comprises a number of parallel partnership vehicles. Total commitments to the fund were €2.549 billion which are expected to be invested over a five year period.

Montagu's main funds under management are as follows:

- Montagu IV** A €2.549 billion fund raised in 2011 focusing on management buyouts with a transaction value between €100 million and €1 billion and above in the United Kingdom, France, Germany, Poland and the Nordic region. To date Montagu IV has made one investment.

- Montagu III** A €2.26 billion fund raised in 2005 with a similar focus to Montagu IV above. The investment period ended in December 2010. At 31 December 2011 Montagu III had made 13 investments, of which three have been realised.

- Montagu II** A £1.2 billion sterling denominated European buyout fund raised in 2002. Montagu II made 15 investments, of which 13 have been realised.

- Montagu I** A series of investor specific funds with ten institutions which co-invested alongside Montagu in transactions from 1994 to 2001. Montagu I made 57 investments, of which 55 have been realised.

Investment approach

Montagu focuses on arranging mid-market private equity deals, typically involving companies with enterprise values of between €100 million and €1 billion and above.

The investment approach is focused primarily on backing incumbent management teams to acquire profitable companies providing products and services that would be badly missed were the company not to exist. These companies will typically operate across a broad range of defensive sectors such as manufacturing, healthcare, mission-critical software services, asset-light logistics and waste management.

Portfolio of investments

Summary

Across its various funds Montagu manages a portfolio of European companies in various industry sectors. Of these, the United Kingdom headquartered companies acquired in the past ten years and still in the Montagu portfolio, are as follows:

Company	Description	Year acquired	Amount invested (current cost) £m
Biffa	Waste management	2008	313.3
Host Europe	Web-hosting & domain services	2010	131.1
Maplin Electronics	Retail	2004	117.7
Jemella (ghd)	Consumer goods	2007	55.8

Biffa

Biffa is one of the UK’s leading integrated waste management businesses. It is the market leader in industrial and commercial collection and the number two player in municipal waste collection. In recent years the company has been transitioned to benefit from the evolution of the industry which is moving towards more complex waste management solutions. Headquartered in High Wycombe, Biffa has 6,250 employees, all of which are based in the United Kingdom.

Host Europe

Host Europe is a leading provider of hosting and domain services to small and medium enterprises in the UK, Germany and Spain. It offers its domain registration, shared and managed hosting to more than 730,000 customers and has an emerging software-as-a-service offering. Based in the UK and Germany, Host employs 494 people, of whom 274 are based in the United Kingdom.

Maplin Electronics

Maplin is a multi-channel retailer operating high-street and out-of-town retail stores, a mail-order catalogue and internet business. Its product range comprises an extensive range of electronic components and accessories, in the broad categories of sound and vision, computer products and hobbies and electronics. It is headquartered in South Yorkshire and has a network of stores throughout the United Kingdom. Of its 2,351 employees, 2,252 are based in the United Kingdom.

Jemella (“ghd”)

Trading under the “ghd” brand, Jemella markets and distributes hair styling irons, complementary wet products and other hair styling accessories through over 50,000 professional hair salons globally. Headquartered in West Yorkshire, it has operations in Australia, South Africa, North America and several European countries. It has 691 employees, of whom 248 are based in the United Kingdom.

Summary of portfolio companies based outside of the UK:

Company	Description	Year acquired	Country of HQ
Turf Editions	Media	2004	France
BSN Medical	Healthcare	2006	Germany
Logstor	Energy/Environmental	2006	Denmark
Unifeeder	Logistics/Transportation	2007	Denmark
Euromedic	Healthcare	2008	Hungary
ADB Airfield Solutions	Airfield lighting	2009	Belgium
Visma	Accounting software & services	2010	Norway
Hansen Protection	Survival & personal protection suits	2011	Norway
Emitel	Telecommunications	2011	Poland

The Montagu organisation

Management

Jason Gatenby was appointed CEO in January 2010, as the successor to Chris Masterson, who became Chairman at that date. Jason joined Montagu in 2000 and has worked in the private equity industry for over 20 years.

The London based investment teams report to Wiet Stokhuyzen, the teams based in Manchester, Stockholm and Warsaw report to Simon Pooler, the Paris team reports to Sylvain Berger-Duquene and the Dusseldorf team to Peter Kroha. The investment teams are supported by an origination team in each office, and a portfolio and risk team headed by Mark Dunfoy. Montagu also has directors responsible for Investor Relations (Vince O’Brien), Finance (Graham Hislop) and Human Resources (Cathy Clifford).

Full profiles of all Montagu directors can be found on the website www.montagu.com.

Investment committee

Montagu's investment committee comprises the senior members of the partnership and is responsible for all investment decisions in respect of the funds and their investments in portfolio companies. It meets on an "as required" basis to consider proposals made by Montagu's executive staff. Decisions are taken on a unanimous basis so that the entire committee takes responsibility for an investment.

Investment proposals are put before the investment committee at various stages in the investment process, ranging from an "earlybird" outline of specific proposals to a full final investment report. This is to ensure the investment committee is aware of the progress of a potential investment at all key stages.

Conflicts of interest

Montagu Private Equity LLP is regulated by the Financial Services Authority. It has appropriate procedures and policies in place to ensure it has at all times due regard to the duty owed to its investors, employees and other stakeholders. Where a conflict of interest arises it will act in accordance with the relevant FSA requirements. As Montagu usually only has a single active fund at any one time, and any co-investment made by the general partner in such fund is fixed in proportion to its fund commitment, there is only limited scope for any conflict of interest to occur.

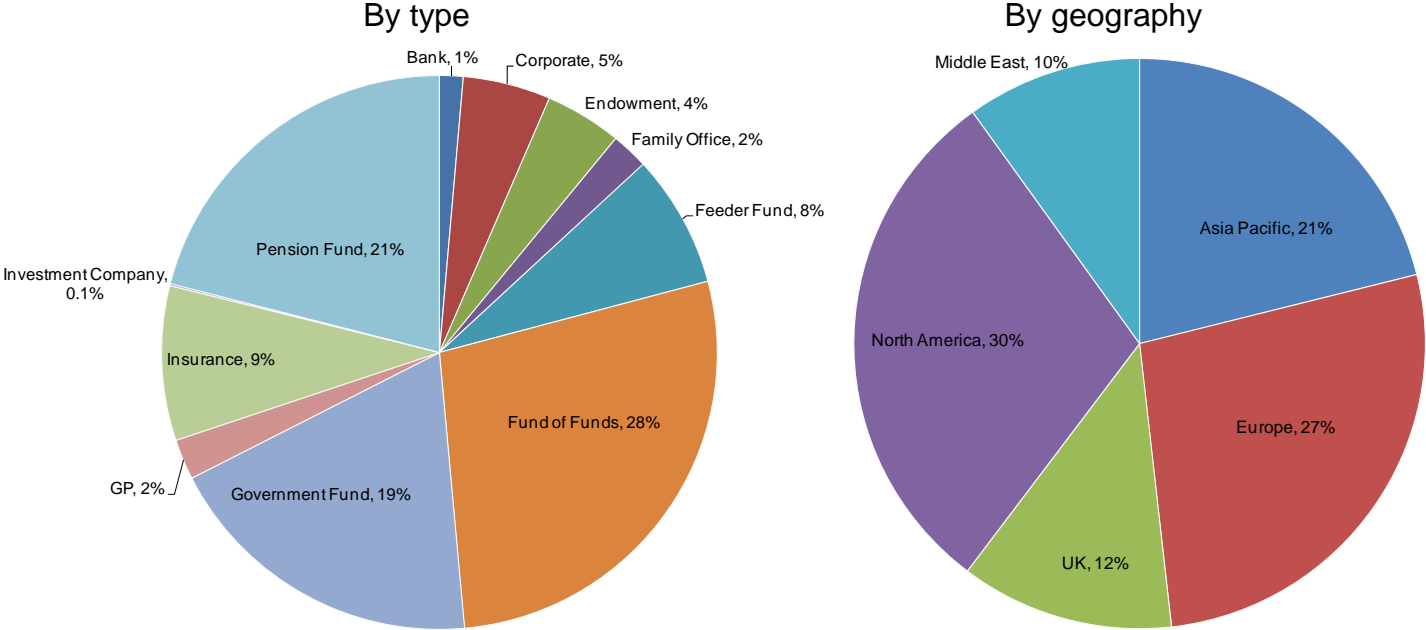
In respect of its investment activities, Montagu III and Montagu IV each have Advisory Boards made up of limited partners in each fund. These comprise representatives of 9 and 12 limited partner investors in each case. Where Montagu identifies an actual or potential conflict of interest, the Advisory Board must be given notice. The Advisory Board can then provide guidance to Montagu and to investors. The Advisory Board is also responsible for, among other duties, reviewing Montagu's portfolio valuations and performance.

The Advisory Board provides Montagu with an independent view on potential conflicts of interest. Safeguards are in place in the composition of the Advisory Boards to ensure they make independent decisions. For example, none of the voting members may be affiliated with HSBC, the key executives of Montagu, or any associates of Montagu.

Limited Partners

The investors in Montagu funds comprise investors made up of United Kingdom and overseas institutional investors, such as pension funds and insurance groups, private companies and private investors. Montagu also invests in the fund from its own resources.

The investor base of the current fund, Montagu IV, by type and geography is illustrated below (by value of commitments).



Investments and realisations in 2011

Montagu completed two new investments in 2011. No realisations were made.

New investments

Hansen Protection

Hansen Protection is headquartered in Norway and is a leading supplier of survival and personal protection suits to the Norwegian offshore and shipping markets. The business has three main divisions; (i) Survival Suit Rental (ii) Personal Protection which sells survival suits as well as suits for use on board commercial and passenger vessels, and (iii) Pro Textiles which produces boat canopies and products for the agricultural, industrial and health sectors.

Emitel

Emitel owns a nationwide infrastructure which provides transmission services for the broadcasting of terrestrial TV and radio, and telecommunication services throughout Poland. Montagu acquired the business from Poland’s incumbent telecom operator, Telekomunikacja Polska. The business has a leading position in a market for mission critical services.

Contact details

If you would like any further information on Montagu please visit our website at www.montagu.com

London

Montagu Private Equity LLP
2 More London Riverside
London SE1 2AP
United Kingdom
Tel: +44 20 7336 9955
Fax: +44 20 7336 9961

Paris

Montagu Private Equity SAS
41, avenue George V
75008 Paris
France
Tel: +33 1 44 95 11 80
Fax: +33 1 44 95 11 99

Manchester

Montagu Private Equity LLP
15th Floor, St James's House
Charlotte Street
Manchester M1 4DZ
United Kingdom
Tel: +44 161 233 6660
Fax: +44 161 233 6666

Stockholm

Montagu Private Equity AB
Biblioteksgatan 8
111 46 Stockholm
Sweden
Tel: +46 8 5050 1300
Fax: +46 8 5050 1319

Düsseldorf

Montagu Private Equity GmbH
Benrather Karree
Benrather Straße 18-20
40213 Düsseldorf
Germany
Tel: +49 211 86 76 93 0
Fax: +49 211 86 76 93 9

Warsaw

Montagu Private Equity Sp. z o.o.
Aleje Ujazdowskie 41
00-540 Warsaw
Poland
Tel: +48 22 205 86 00
Fax: +48 22 205 86 20

Email: enquiries@montagu.com

Montagu Private Equity LLP is authorised and regulated by the FSA.