

DOING DEALS!

Welcome to the second issue of Bulletin 2009.

We are delighted to announce that, in spite of the challenging economic environment, we have recently completed two transactions. The achievement of a strong cash exit on the sale of Tottel publishing demonstrates that there is still demand from strategic buyers for well managed, good businesses which have robust business models and strong positions in their market. These attributes have always formed the cornerstone of our investment strategy. Our new investment in Westway Cooling reflects this approach – the business provides market leading service levels to blue chip customers for whom air conditioning performance is mission critical.



TOTTEL CONJURES WIZARD RETURN

Matrix Private Equity Partners has wholly exited its investment in Tottel Publishing, generating £3m proceeds for Matrix VCT shareholders, a return of 4x money on the original investment. This is the 7th successful cash exit for MPEP in the last two years.

Tottel Publishing a publisher of high quality books on law, tax and information services for lawyers, accountants and business professionals, was sold to Bloomsbury Publishing plc, the publishers of the Harry Potter novels, for £10 million. Tottel is a key strategic purchase for Bloomsbury which has been looking to diversify towards predictable publishing revenues.

2004, from LexisNexis, a subsidiary of Reed Elsevier. Over the course of the investment annual turnover has grown by 80% to £6.2m and the number of staff has grown from seven to 27.

Mike Walker, a partner at MPEP who was on the board of Tottel said: "Tottel is a simple honest growth story. Buy a good business with a real niche at a sensible entry price, back quality managers who grow revenues and profits and sell at a sensible exit price. This is the MPEP strategy that works whatever the point in the cycle. Our fourfold return has been achieved despite a weak divestment market, but reflects the fact that Tottel is a high quality asset."

MPEP originally acquired Tottel with its management in October

Bob Henry led the original buyout and Mike Walker managed the exit



A VERY COOL DEAL

Matrix Private Equity Partners has invested £1.5m alongside Maven Capital Partners to finance the management buyout of Westway Cooling, a provider of air conditioning and facilities management services.

The company's primary activity is the installation, servicing and maintenance of air conditioning systems and associated building services plant. The company has a blue chip customer base for whom service and total reliability is key. Customers include Marks and Spencer, Fitness First and JP Morgan Cazenove in addition to a number of top-end restaurants, high net worth individuals and City dealing rooms.

The key to completing this deal in the current, challenging funding environment was a spirit of co-operative deal making which saw Maven and Matrix come together in a well funded equity syndicate alongside sensible and modest levels of bank and vendor debt. We welcome the move from the adversarial deal doing that characterised the peak of the market to a more pragmatic and sustainable platform for completing deals for all parties – vendors and buyers alike.

Westway was established in 2001, currently employs 85 staff and its annual turnover is c. £10m.

Jonathan Gregory and Eric Tung led the deal for Matrix

MATRIX DEAL INITIATIVES

To complement our core focus on small MBOs, this year we have launched a number of initiatives to create deal opportunities.

MATRIX OPERATING PARTNER PROGRAMME

Matrix is working with five experienced non executive Chairmen to source investments by bringing deep sector and Private Equity experience to management teams.



COMBINED DEBT AND EQUITY

In addition to our normal stand alone equity investment, on deals of up to £7m funding requirement, we will also offer debt finance at broadly the same rates as a bank but on more attractive commercial terms.



Equity investment in transactions with a value up to £20 million involving companies located throughout the country. Focus on MBOs.

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GROWTH CAPITAL

Companies with strong balance sheets will be the 'hunters' that emerge from the downturn as market leaders. With bank lending far less predictable we expect to make more development capital investments.



RECAPS

A lot of good companies currently have the wrong capital structure and are suffering under the burden of too much bank, private equity or vendor debt. We can inject new equity to offer a solution for management and current funders.



PORTFOLIO ACQUISITIONS

We are actively looking for bolt on acquisitions for companies in our portfolio.

