

LYCEUM CAPITAL COMPLETES SECOND PLATFORM DEAL IN TWO WEEKS

Mid-market growth investor Lyceum Capital has completed its second platform investment in as many weeks, acquiring a majority stake in UK Drainage Network ('UKDN').

The deal follows its £22 million acquisition of energy consultancy McKinnon & Clarke, announced earlier this month (4 January).

UKDN, which is headquartered in Solihull, West Midlands, is the largest drainage claims manager in the home insurance market.

Formed by Chief Executive Greg Beech in 2003 through the merger of five regionally-based independent firms, the £20 million turnover company provides claims management, remediation, validation, investigation and repair services for most of the UK's largest household insurers from its nationwide network of 11 depots and 270-strong team of directly-employed skilled operatives.

Following the investment, UKDN and Lyceum Capital will broaden the group's capabilities to encompass other services, creating an outsourced claims management and validation provider in the home insurance market. This will include a consolidation strategy to leverage UKDN's existing infrastructure, with a number of strategic acquisitions already identified.

The transaction completes a busy 12 months for Lyceum Capital, which also saw it complete nine add-ons for existing portfolio companies - clinical trials specialist Synexus and domiciliary care provider Carewatch.

It also successfully completed the sale of building services company SPI Group to nPower in February.

The mid-market growth investor has now acquired 42 add-ons for its last 10 platform companies.

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Jeremy Hand, Managing Partner at Lyceum Capital, said: "The deal with UKDN caps off a great 12 months for us. Our performance during challenging economic times is testament to the team's hard work in maintaining a lean and high quality portfolio and through building a healthy pipeline of consolidation opportunities in exciting growth sectors."

Philip Buscombe, Chairman of Lyceum Capital, added: "With around £200 million of available capital, we're in a strong position to continue originating and transacting throughout 2010, targeting those businesses where our proven model can create secure, sustainable and predictable business growth and high quality returns for investors."

The UKDN transaction was led by Simon Hitchcock and Martin Wygas of Lyceum. Simon Hitchcock and David Harland, Partners at Lyceum Capital, will each take seats on the company's board.

Newco was advised by Roger Buckley of BDO and debt funding was provided by HSBC.

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Notes to Editors:

Funders and advisors on the deal included:

- Equity: Lyceum Capital (Simon Hitchcock, Martin Wygas, David Harland, Andrew Aylwin and Rob Gershon)
- Debt: HSBC (Sharon Hill, Graham Young)
- Corporate Finance for Newco: BDO (Roger Buckley, Adam Whistance)
- Legal for Lyceum: Travers Smith (Paul Dolman, Charlotte Dencer, Moushumi Sharmacharja, William Yates, and Russell Warren)
- Legal for vendors/management: Cobbetts (Graham Muth, Nick Dawson)
- Legal for HSBC: Pinsent Masons (Matthew Heaton, Mark Timms)
- Financial DD: PwC (Russell Worrall, Jonathan Cooper)
- Commercial DD: Armstrong (Robin Illingworth, Edward Hikmet)
- IT DD: Intuitus (Calum Stewart, Iain Mackay)
- Insurance DD: Aon (Peter Casciani, Andrew Fox)
- Management DD: Highwire (Sandra Aldridge, Annie Gray)

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About Lyceum Capital:

Lyceum Capital is an independent private equity firm which is investing in innovative and growing UK-headquartered businesses from its latest £255 million fund.

Using a research-driven approach to origination, Lyceum Capital makes highly targeted investments in businesses with the potential to become robust participants in fragmented and growing sectors.

It invests between £5 million - £30 million in deals with typical enterprise values of £10 million - £75 million.

Lyceum Capital works alongside management teams to increase scale and capture market share by driving operational improvements, supporting organic growth and sourcing and funding complementary acquisitions.

Through a combination of investment, operational and strategic input Lyceum Capital builds robust and successful businesses with good long-term growth prospects.