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LYCEUM TO TAKE CAREWATCH PRIVATE IN £37 MILLION DEAL

15 September 2008

Lyceum Capital, the UK private equity firm that builds mid-sized service companies, has agreed the acquisition of Carewatch Care Services ('Carewatch') from Nestor Healthcare Group plc ('Nestor'), taking the division out of public ownership, in a £37 million transaction, which is subject to shareholder approval.

Carewatch is the leading independent provider of home-based social care services in the UK, through its own branches and in partnership with franchisees. Lyceum will augment management and support the company and its franchisees in pursuing additional growth and new partnership opportunities. With new investment in the Carewatch brand and in the expansion of the company's range of services to local authorities, primary care trusts and to individual clients, Lyceum will develop Carewatch as an independent company.

Upon completion of the transaction, David Lyon, former CFO of Clinovia and Michael Horgan, a former MD of Carewatch, will join the management team as joint managing directors and Ron Elder, a Lyceum Industrial Partner, will become Chairman.

END

For further information, please contact:

Philip Buscombe, Lyceum Capital, 020 7632 2481
Chantal Ligertwood, PR for Lyceum, 07976 229 210

NOTES TO EDITORS

Advisers on this transaction

Lyceum was advised by KPMG London (M&A, Corporate Finance) and KPMG Leeds (financial due diligence), Travers Smith (legal) and Candestic (Health and Social care Consultants). Nestor was advised by Investec (M&A) and Eversheds (legal). Bank debt has been supplied by Barclays and equity capital from Lyceum Capital Fund II.

Carewatch and the market for home-based social care

Carewatch was established in 1993; Nestor acquired control of the business from its founder in 1998. Carewatch provides over 7 million hours of home-based social care across the UK each year to the elderly, people with physical or learning disabilities, mental health clients and clients with long-term conditions or requiring "end-of-life" care. The company's own branches and its franchisees serve some 150 Local Authority and PCT public sector customers or regions and other clients.

Social care services provided to people in their own homes continue to grow in the UK, with public policy favouring independent living over residential care and increasing provision of individualised health and social care services allowing more clients to remain in their own homes. Some 10% of the Carewatch system currently serves the private and direct pay markets; public sector provision serves about one third of the over 65s requiring social care. With many older people in the UK having assets and income that preclude eligibility for state

funding and with significant increase in the number of over 65s anticipated, there will be substantial growth in the self-funded private pay and direct pay markets for all forms of social and health care.

About Lyceum Capital

Lyceum Capital is a leading mid-market investment firm that acquires UK businesses alongside management and builds them through consolidation and investment in growth. Lyceum has particular expertise in home health and social care. During its partnership with Clinovia between 2003 and 2006, Lyceum provided Clinovia with substantial investment in additional resources and new facilities, enabling the company to expand and improve the range and quality of its services and to make five strategic acquisitions. Clinovia increased the number of patients served per month by 70% and increase turnover by 69% in these three years.

Since 2000, Lyceum Capital has acquired and developed 43 companies for ten groups, including Southern Cross healthcare, acquired from private owners in 2002; Asquith, one of the UK's largest private education groups; Clinovia, a leading home healthcare company, now part of BUPA; National Britannia Group, a leading health & safety and environmental compliance services group, now part of Connaught Plc; Coperion, the global market leader in application technology and services for the plastics, chemicals and minerals industries; and SPI, which provides maintenance and support services for the social housing sector. Lyceum Capital has raised some £500 million of equity capital, dedicated to supporting the development of SMEs, primarily in the UK.

New Managers joining Carewatch

Ron Elder has operated in senior positions in healthcare, franchising businesses, and other service businesses in UK and internationally, including most recently as CEO, of Omega Worldwide Inc, the care home business in the UK and Australia and, before that, as Director of Corporate/Business Development for Zurich Financial Services in the UK, South Africa and Ireland.

David Lyon was instrumental in rejuvenating and developing Clinovia, one of the UK's leading home health care and social care businesses, as COO and CFO between 2003 and 2006, when the company became part of BUPA. From 1991 to 2003, he was group finance director of Nestor Healthcare Group plc.

Michael Horgan worked with Clinovia in developing its social care division, including the acquisition of Guardian, a leading social care franchisor. Before that he was Managing Director of Carewatch, from 2001 to 2004. From 1992 to 2000 he was Managing director and Operations Director of Nestor's healthcare staffing and resourcing businesses.
