

Gresham
Private Equity



Gresham Review



From strength to strength

2007 has been another excellent year for Gresham, despite turbulent market conditions in the latter part of the year.

We have made five exciting investments, our portfolio continues to perform strongly and we are delighted with our results.

This year more than ever private equity has needed to justify its contribution to the UK economy. For our part we believe we continue to do so by nurturing UK private businesses to become market leaders, improving their products and services through effective sales and marketing, and assisting with the development of management teams.

By maintaining focus on our core markets, Gresham is going from strength to strength and with a healthy deal pipeline and a cautious attitude we are looking forward to 2008.

I hope that you enjoy some of the highlights in our 2007 review.

A handwritten signature in black ink, appearing to read 'Paul Marson-Smith', with a horizontal line underneath.

Paul Marson-Smith
Chief Executive

Gresham by numbers

Gresham has had a record year for new investment.

£347 million

Started investing £347 million Gresham 4 fund

£110 million

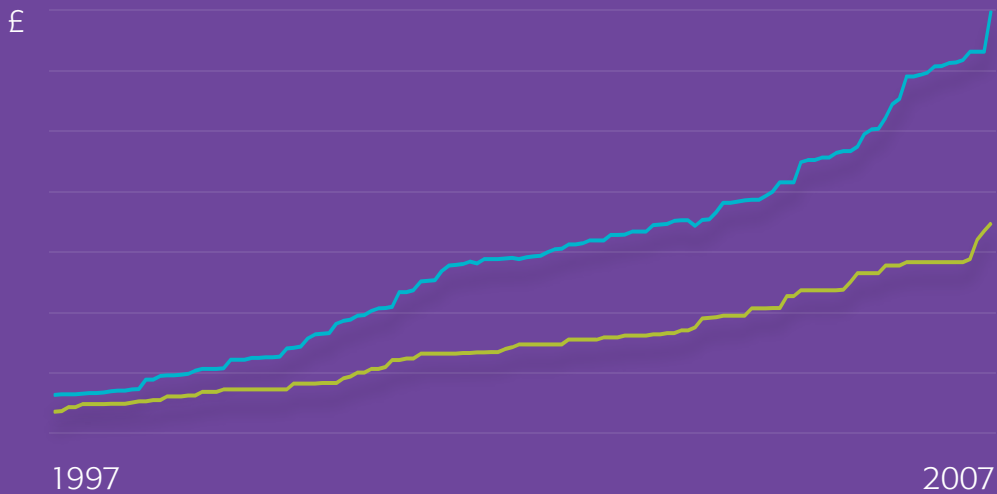
Record year with £110 million committed to five new investments totalling £260 million in value

Five

Sold five investments from portfolio

Cumulative Performance

- Cumulative value of investments
- Cumulative cash invested



Portfolio

2007 was all about growth for our portfolio companies.

30%

increase in annual turnover

12%

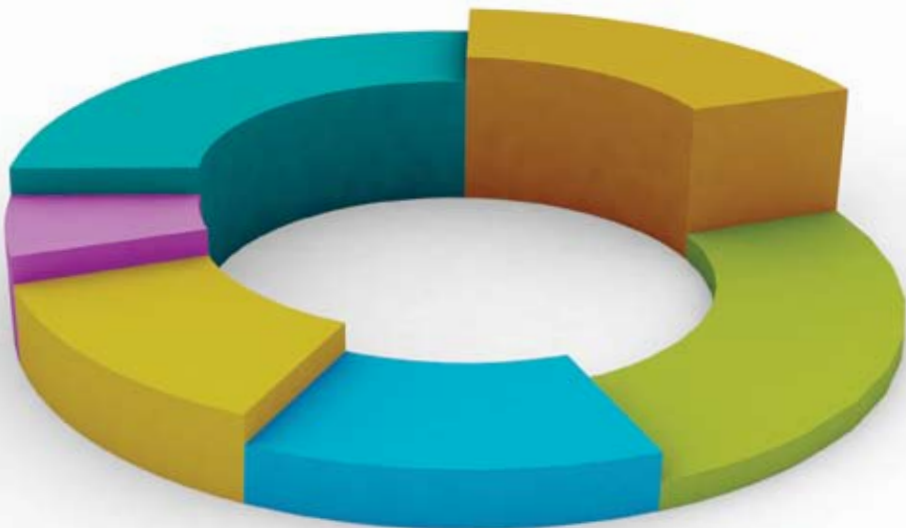
increase in new sites

20%

increase in number of employees

Number of Unrealised Investments by Sector

- Support Services
- Energy & Environmental
- Financial Services
- Healthcare / Pharma
- Industrial Products
- Consumer





Esterform

Industrial Products

Esterform is a leading supplier of PET preforms and bottles to the UK beverage and household products industries. Based in the Midlands, it manufactures a range of PET bottles for the soft drinks, alcoholic and speciality markets and has a strong presence in the high growth markets of water, juice and smoothies.

In April we backed the management buy-out in a deal with a total funding package in excess of £30 million to support the company's future growth.

With Gresham's support, the business plans to expand through organic growth and new product releases, including bringing to market an innovative PET beer keg, offering an alternative to the expensive metal version. In addition, further investment in its manufacturing capability is being made to keep the business at the forefront of its industry.

"The business is well poised for further growth in its markets. Esterform has had considerable success since its formation in 1998 and Gresham is providing the funding to grow the business further and help us to take advantage of commercial opportunities in the sector as they arise."

Mark Tyne
Managing Director, Esterform

West Cornwall Pasty Co.

Consumer

The West Cornwall Pasty Co. is a prominent, award winning Cornish pasty retailer, selling over 7.5 million hand-made pasties every year from 55 sites nationwide.

Gresham backed the buy-out of this market leading brand from family shareholders in October.

Gresham has put together an equity package to allow the company to double its number of retail sites over the next few years.

"Partnering with Gresham has provided us with a strong platform from which to grow the business. The new funding is allowing us to implement our roll out plans and we have already launched a new loyalty card to increase customer retention."

Richard Nieto
Chief Executive, West Cornwall Pasty Co.

Betts Global

Industrial Products

Betts, a global market leader in manufacturing toothpaste tubes, is supplier to some of the world's best known companies such as Colgate Palmolive, GlaxoSmithKline, Proctor & Gamble and Unilever. The business produces high quality printed laminate tubes for the oral healthcare market.

Gresham backed the secondary buy-out of Betts from institutional shareholders in a deal with a total funding package in excess of £110 million in October.

The deal provides Betts with significant capital in order to develop the business with opportunities to expand its capabilities into the personal care market and enter new market segments.

"The support and financial firepower of Gresham is enabling us to invest in our manufacturing facilities. This will provide the resource and capability to continue to meet our customers' needs and undertake further expansion in the future."

Paul Bateman
Chairman, Betts Global

7city Group

Business & Support Services

7city is a global training provider primarily servicing the top 100 financial institutions. The company delivers courses to over 20,000 delegates each year, both in the classroom and via state of the art distance learning solutions.

Gresham backed the management buy-out of 7city in November.

Gresham's backing of 7city will facilitate increased investment in both its London and New York teams with a third training centre scheduled to open in Singapore in 2008. Further investment will also be made in the current and future range of training programmes.

"The team at Gresham has a track record second to none when partnering with highly successful companies. 7city will be able to utilise Gresham's financial and strategic acumen to continue our impressive growth."

Paul Shaw
Chief Executive, 7city Learning



Hotter Shoes

Consumer

Hotter is a leading UK brand of quality footwear for the grey market. The company predominantly sells its products through direct marketing.

This December Gresham backed Hotter Shoes by investing £21 million. The equity will enable Hotter to improve further its direct marketing strategy, expand its product range, strengthen the management team and invest in a new manufacturing plant and IT systems.

“By focusing on our brand values we have established a loyal customer base. However we recognise there is huge potential to develop the business further. Our strategy is to significantly expand our product ranges for both men and women in line with the lifestyle needs of the growing over 50’s market. The partnership with Gresham will help us to take the business forward while remaining true to our core values.”

Stewart Houlgrave
Managing Director, Hotter Shoes

Penn Pharmaceuticals

Healthcare/ Pharmaceuticals

Penn Pharmaceuticals is a drug delivery business providing fully integrated pharmaceutical services. Based in South Wales, the business tests, develops and manufactures products for UK and international companies.

With Gresham's support, Craig Rennie and the management team transformed Penn from a contract manufacturer to a highly regarded international brand. This was achieved through substantial investment to improve the infrastructure, quality of service and the quality of its client base. Both growth and profitability at Penn are well in excess of averages for the sector with turnover increasing fivefold since 1999 and profits increasing more than tenfold.

Gresham sold the business in two parts. In 2004 Penn T was sold to Celgene for \$110 million and the remainder was sold earlier this year to LDC in a deal worth £67m. All together the deal generated a return on investment of 12x.

"Some people have a bad opinion of venture capital but I have had nothing but support. Gresham made a tremendous contribution, their input enabled us to transform Penn into the business it is today."

Craig Rennie
Former Chief Executive, Penn Pharmaceuticals

Warings

Business & Support Services

Warings is a leading regional building contractor undertaking new build and refurbishment projects in a wide variety of sectors across the south of England. These projects range from residential, healthcare and commercial to industrial, airports and defence.

Gresham has helped Warings to realise its tremendous growth potential over the last nine years through the strong strategic and financial support provided to the management team.

Through this partnership with management, the business has turned to many new ventures including positioning the business as a main framework supplier. It has also fulfilled its goal of becoming a leading player in the UK construction industry.

The business was sold to the French Group, Bouygues Construction, in a deal generating a return in excess of 4x Gresham's investment.

"We're very grateful to the Gresham team for playing such a key role in the development of our business."

Len Salter
Chief Executive Officer, Warings

Partnership for Growth

At Gresham we are known for our partnership approach which enables us to tailor deals to the requirements of the business, management and situation.

Our team works alongside management teams, dealing with key commercial and financial aspects of the business to enhance the value of an investment.

Gresham sectors

Business & Support Services

Consumer

Energy & Environmental

Financial Services

Healthcare/ Pharmaceuticals

Industrial Products



London

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