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Sovereign returns 40% of money invested to Fund

Sovereign Capital Partners LLP ("Sovereign Capital"), the independent mid-market UK private equity provider is pleased to announce the recapitalisation of its investee companies, SENAD and C.H.O.I.C.E.. The recapitalisation, combined with investment yield to date, has returned to the Fund 'Sovereign Capital Limited Partnership I', 40% of money invested to date on a portfolio that is on average only 12 months old. This recapitalisation has enabled both companies to repay substantially all of Sovereign Capital's original investment generating an IRR of 77% on the two investments. Sovereign's majority shareholding in these two businesses remains unchanged.

SENAD, which operates residential schools for children and young adults with special educational needs, was originally created by Sovereign Capital, in March 2003, from the institutional buy-out of Honormead Schools and acquisition of Principal Care Services. The Group has performed well ahead of plan since that time which has enabled SENAD to both repay Sovereign's investment and provided SENAD with facilities to accelerate its buy & build strategy.

The management buy-out of C.H.O.I.C.E. was first backed by Sovereign in February 2002 and has since benefited from seven rounds of finance. It provides residential care to adults with learning disabilities, focusing on those with complex needs. Since the original investment C.H.O.I.C.E. has opened five new homes and increased the number of registered beds by 62%. The recapitalisation demonstrates the success of C.H.O.I.C.E. both in organically developing new facilities and in integrating acquisitions.

Peter Brooks, Managing Director

"These recapitalisations demonstrate our success in backing robust businesses and adding value within our chosen sectors - in this case Education and Healthcare Services. They also underline the success of a focused buy & build strategy."