

For immediate release

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PRESS RELEASE

Cape announces Cape Natexis Private Equity Fund SMALL-MID CAP ITALIAN BUY-OUT FUND

Milan based Cape is planning to raise a €80-€110 million fund, **Cape Natexis Private Equity Fund** (CNPEF or the Fund), continuing its focus on small-mid cap buy-outs in the North/North East of Italy, particularly in the industrial triangle Milan-Padua-Bologna. Target investments are buyouts or build-ups in situations relating to family successions and consolidating sectors with enterprise values typically below €30 million. Cape has appointed Acanthus Advisers Limited to act as its exclusive financial advisor and international placement agent for the Fund.

The Fund, to be advised by the Natexis Cape Sgr Spa, will be the fourth pool advised by Cape (Cimino & Associati Private Equity) since its inception in 1999. Natexis Private Equity International (NPEI), part of the leading Paris-based private equity group with over €1.5 billion under management, has supported the team since October 2001 with a co-investment agreement to invest up to €40 million and will be the cornerstone investor in the Fund.

Cape has advised over €30 million of equity investments to date in 12 transactions, acting as lead investor in all but one, realising four exits with excellent results. One or possibly two more exits are planned by the end of the year and the unrealised portfolio is healthy with no write-downs to date.

Cape's investment style is particularly hands-on, with an involvement in its investee companies that goes well beyond the customary board presence. Given Cape's typical lead investor and majority shareholder position in small-cap, family companies, Cape works very closely with management teams on strategic and operational issues spanning new product/market development, financial control, add-on acquisitions or even supporting in the establishment of permanent overseas manufacturing facilities (eg China, Mexico).

A particular strength of Cape, which will be continued in the planned Fund, has been the ability to source proprietary deals through its own investors limiting its involvement in competitive processes. Cape's traditional investor base has expanded to some 75 individuals, typically local professionals (lawyers, accountants) and entrepreneurs in the North Eastern region of Italy. This network has been a natural origination source for new deals on an exclusive basis. Furthermore, several entrepreneurs have reinvested in subsequent Cape pools.

Since its first co-investment agreement in 2001, NPEI has contributed significant expertise and its international network to support the local team, achieving a balance of adding value without interfering with investment decisions or local operations. NPEI has private equity operations in France, Germany and Spain as well as in Asia and South America and Cape has already taken advantage of these resources to support the expansion of its portfolio companies both in Europe and overseas. NPEI's presence has proven to be a concrete value added both in deal sourcing, given the attractions of its international presence to entrepreneurs, and in the actual implementation of cross-border expansion strategies by investee companies.

Cape's team is strong of 7 investment professionals and 5 support staff. The founder and Managing Director Simone Cimino is a former partner and managing director of LBO Italia.

According to Mr Cimino, the specialised nature of the fund and its strong focus should continue to provide the competitive advantage that has been at the roots of the group' success so far, as most players on the Italian market concentrate on the larger buy-out area while the banks, traditional players in the smaller end, typically take hands-off minority positions. "Thanks to our local investor network we have been able to obtain exclusive deals at attractive multiples and have proven we can add value at strategic and operational level. The continuous re-investments from our investor base as well as former owners of our portfolio companies speak for themselves", added Mr Cimino.

Fundraising of **Cape Natexis Private Equity Fund** is expected to start in September 2003 as soon as the final approvals are received by the Italian regulatory authorities, and is expected to be completed in 2004. The vehicle will be an Italian closed-end fund with standard terms and conditions.

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