

Under embargo until Tuesday 24th April 2007



Mezzanine Management leads refinancing of The Regard Partnership

Investment in UK healthcare provider

Mezzanine Management, the mezzanine and private equity firm, today announces that it is investing £18 million for a minority equity stake in The Regard Partnership Limited ("Regard" or "the Company"). Regard is a residential care provider for people with permanent learning difficulties ("PLD"). Senior debt facilities for the transaction are being provided by Bank of Scotland Corporate.

This is the third investment from Mezzanine Management's fourth fund and is in line with Mezzanine Management's strategy of focusing on investments where it can provide flexible, cost effective financing through a combination of mezzanine and equity. This transaction illustrates how Mezzanine Management provides an alternative solution to traditional private equity.

Regard

Regard is a leading provider of residential care and support for adults and children with permanent learning difficulties. The company also provides services for adults with enduring mental health problems or an acquired brain injury and operates a care home with a 52-week residential school service for children who experience emotional and behavioural disorders. It owns and/or manages over 100 properties throughout England and Wales with approximately 700 beds. Regard specialises in the provision of high quality, individually tailored care packages and works with Local Authorities across the country.

The Company was founded in 1994 by two mental health nurses, John Farragher and John Webster, who remain joint Managing Directors and will continue to lead the management team. Bal Johal, a Director of Mezzanine Management will join the Board and work alongside the existing team which includes non-executive Chairman, Roger Storey who built Ridgmont Care Homes from start-up in 1995 to a £90m business when sold in 2005.

Investment Rationale

Regard has grown strongly in recent years through a combination of organic growth and acquisitions. Management sees an opportunity to continue their proven expansion strategy. This refinancing funded by Mezzanine Management and Bank of Scotland Corporate provides further capacity for Regard to continue to grow. In addition the investment provides an exit for existing investors Bowmark.

Bal Johal and Ian Wallis Directors at Mezzanine Management led the transaction.

- It typically invests between €10 million and €50 million in management led transactions including growth capital and middle market buyout transactions.
- Investments to date from Mezzanine Management's Fund IV include mezzanine participation in the following deals:
 - €108.9m buyout of Coventya, a French chemicals manufacturer, led by Natexis Industrie (Sept 2006)
 - €82 million acquisition of Vulcanic Group, a French industrial heating business, led by 21 Centrale Partners (June 2006)
- In the past seven months, Mezzanine Management has made five successful realisations including:
 - Xserv, a US speciality maintenance services provider to the chemicals industry, sold to The Brock Group (Feb 2007)
 - Ontex, a private label hygienic disposals firm (Feb 2007)
 - Télédiffusion de France, the French television and mobile phone transmission company, sold to a consortium led by Texas Pacific Group (Jan 2007)
 - Hawkpoint, the corporate finance advisory firm, sold to Collins Stewart (Dec 2006)
 - Target Express, the express delivery firm, sold to Rentokil Initial (Sept 2006)

Regard

- Regard is headquartered in Kingston-upon-Thames.
- In 2003, John Farragher and John Webster were presented with a Care Entrepreneur of the Year award
- Regard is an Investor in People organisation with an ISO 9001 accreditation
- For further information www.regard.co.uk